

FINANCIAL TIMES

World News

G7 to discuss environment and debt at next summit

The Group of Seven leading industrialised countries will discuss environmental and debt-related issues for the first time when they meet in Paris this year...

United 747 inquiry

Investigators are focusing on the role of a door latch which might have played a part in a large hole was ripped in the side of a United Airlines Boeing 747 near Hawaii, killing nine people...

Bush disagreement

President Bush has said he is not in "total agreement" with Mr Alan Greenspan, the chairman of the US Federal Reserve...

Japan election move

Japan's Liberal Democratic Party has pulled out of a key provincial election rather than risk defeat because of public concern over controversial tax reforms...

UK dissent on EMS

Delors Committee of central bank governors, which is considering how to achieve economic monetary union in the European Community...

US trade concern

Mr Robert Moeschler, the US Commerce Secretary, has said "narrow national interests" in the European Community may delay liberalisation of EC markets...

Argentine credit

Argentina will ask the International Monetary Fund for a \$300m credit to help it meet arrears in service payments on its \$60bn foreign debt...

Mandela visit

Mrs Winnie Mandela spent more than three hours visiting her husband Nelson in prison, her second visit this month and possibly her longest since he was imprisoned in 1962...

Ariane strike

The launch of Europe's first weather satellite has been cancelled because of a strike by engineers at the South American launch centre...

Bangladesh growth

Bangladesh will be even poorer next year as economic growth slows due to flooding and a worsening trade balance...

Greek election

Prime Minister Andreas Papandreu yesterday signalled the start of a bruising general election battle on Sunday, ending on June 18, blaming his opponents for a series of scandals...

European storms

Storms in Europe at the weekend caused the deaths of eight people in Spain and up to 30 sailors were feared dead as their ships ran into trouble in rough seas...

Business Summary

Fokker and GEC propose joint bid to buy Shorts

GEC, the UK electronics and defence company, and the Fokker aircraft company owned partly by the Dutch Government, have made a joint proposal to buy Short Brothers, the Belfast aerospace company...

EUROPEAN Monetary System

The Italian lira touched a seven-week low against the EMS partners last week and the Bank of Italy sold D-Marks, deepening the speculation that the lira is vulnerable to the recent switch out of high-yielding currencies...

EMS February 24, 1989



ECU DIVERGENCE



KEY

Line ECU Party Day Position

The chart shows the two constraints on European Monetary System exchange rates. The upper chart, based on the weak and strong currencies in the system, shows the lira crosses rates from which no currency (except the lira) may move by more than 2% per cent...

Bush's Chinese celebration upset by ban on dissident

By Peter Riddell, US Editor, in Peking

THE two-day celebration by President George Bush of what he called a "vital and special" relationship between the US and China was last night marred by an embarrassing row over human rights...

gan entry he went round to the hotel where US journalists were staying and made a dramatic post-midnight appearance in the travelling White House press room...

ing about the movement toward reform and freedom in China. During a round of photo-opportunities and warm mutual compliments over the weekend, Mr Bush sought to underline the strength of US-China relations to counter recent Soviet initiatives in the region...

eral secretary of the Chinese Communist Party, warned against reformers going too far in urging a multi-party system which would risk social unrest and possibly lead to a rolling back of changes already made...

aid" show. The importance attached to the relationship was underlined by the disclosure by Mr Marlin Fitzwater, the President's press secretary, that China has been excluded from the current far-reaching review by the Administration of its foreign policy...

Khomeini holds out prospect of improved links with Moscow

By Victor Mallet, Middle East Correspondent, in London

AYATOLLAH Ruhollah Khomeini, the Iranian leader, yesterday held out the prospect of improved ties with the Soviet Union as Iran's relations with other countries continued to deteriorate over the death threat to British author Salman Rushdie...

In a rare meeting with a foreign leader at his home in Tehran, Ayatollah Khomeini had talks with Mr Eduard Shevardnadze, the visiting Soviet Foreign Minister...

The British Government had asked Mr Shevardnadze to raise the Rushdie issue with Ayatollah Khomeini, but the Iranian news agency IRNA said the affair was not mentioned in the talks...

Spanish bankers face bitter talks on shareholdings

By Peter Bruce in Madrid

A RAPID and potentially bitter reallocation of important shareholdings in two of Spain's biggest commercial banks, Banco Central and Banco Espanol de Credito (Banesto) is likely to start today after the collapse on Friday night of ambitious plans to merge the two banks...

tribute it initially to Banesto employees and friendly clients, who would then be free to trade it on the market. Shares in both Banco Central and Banesto were suspended on Friday and it was not clear late yesterday when trading would resume...



A woman in Beirut yesterday holds over a small girl holding a placard supporting the death threat proclaimed by the Ayatollah Khomeini, whose photograph is posted on the wall behind them.

hoping for a share of reconstruction work in the oil and gas and power supply sectors, had been expected to attend. In Lebanon, the US, and in Qom in Iran, Moslem protesters insisted that Mr Rushdie's book blasphemed against Islam...

At a seminar in London, British writers called for further action in support of Mr Rushdie. They also called on world leaders to "take firm action to ensure that these threats are withdrawn."

Olivetti to decide on Intel chip for LSX minicomputer range

By Alan Friedman in Milan and Louise Kahoe in San Francisco

ITALY'S Olivetti group is expected to announce today the choice of a new advanced Intel microprocessor for its new range of LSX minicomputers. The decision, which has been hotly debated inside the Italian company for more than a year, will see the use of US group Intel's new 860 super chip...

unveiling of its 860 at a press conference in California today, could have far-reaching implications for the industry. Intel's new chip represents a major challenge in the fast-growing market for microprocessors used to run computer workstations and multi-user computer systems...

phone & Telegraph, the US telecommunications and computers group with which the Italian company has had a long-standing relationship. A year ago the choice by Olivetti of a new microprocessor was among the subjects being discussed by Olivetti and AT&T when the companies re-examined their "global alliance" and decided to pursue a strategy of independent decision-making and a relationship based on commercial grounds...

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Advertisement for Morgan Grenfell 'The Trackers' for the U.K. and U.S. stock markets. Includes text: 'MORGAN GRENFELL THE TRACKERS for the U.K. and U.S. stock markets CALLFREE 0800-282465' and 'TRACKER TRUSTS'.

OVERSEAS NEWS

West German decision on interest rates awaited

By Andrew Fisher in Frankfurt

THE BUNDESBANK, West Germany's central bank, will be at the centre of attention in financial markets this week, the rise in the US discount rate on Friday having provoked speculation of an increase in key German rates.

Import price figures for January, due today, are expected to show a sharp increase, highlighting the Bundesbank's concern over inflation. Provisional consumer price statistics for February should also show a continuation of the January annualised inflation rate of 2.5 per cent.

Much of the rise in annual inflation from the 1.6 per cent shown in December stemmed from consumer tax rises. However, the Bundesbank, whose policy-making council will meet on Thursday, is also wor-

ried that companies might raise prices as they reach capacity limits at a time of continuing economic growth.

"The Bundesbank does not want to lose its anti-inflation credibility," said Mr William Ledward, senior European economist with Nomura Research in London. "Logically, the Bundesbank should raise the discount and Lombard rates by half a point." They were last raised by this amount, to 4 and 6 per cent respectively, in January.

Because of the recent mild weather, production should show a gain for January, with figures due shortly. The moderate winter of 1987-88 helped to propel growth at a much faster rate than expected. Mr Ledward said growth could reach 3 per cent this year, though most

forecasts indicate about 2.5 per cent.

Although the half-point rise in the US discount rate to 7 per cent made a German rate rise more likely, some economists said the Bundesbank could decide against this to avoid further irritating the French Government, which wants to keep rates down. Also, the D-Mark has strengthened against the dollar, easing the inflationary danger from the currency side.

At the securities repurchase deal with commercial banks last week, rates edged above the Lombard emergency funding rate. Mr Dieter Werwuth, head economist in Germany at Manufacturers' Hanover Bank, said this and the US rate rise suggested a rise in key German rates likely.

Defence links on UK-French agenda

By Robert Mautner and Charles Hodgson

GREATER defence co-operation between Britain and France will be high on the agenda of the one-day meeting of Mrs Margaret Thatcher, UK Prime Minister, and President François Mitterrand of France, in Paris today.

The two leaders will be accompanied at their regular annual summit by their foreign, defence, interior and industry ministers, as well as by Mr Michel Rocard, French Prime Minister. They will base their defence co-operation discussions on a special report prepared by their respective defence ministers.

The need for greater co-ordination of French and British defence policies was voiced by Mr Rocard in a speech to the Royal Institute of International Affairs in London this month. The fact that France and Britain were both nuclear powers gave them a special responsibility for the security of Europe, Mr Rocard said.

Other international issues due to be discussed at the summit include the new tension in relations between the European Community and Iran, after Ayatollah Khomeini's call for the assassination of the British writer Salman Rushdie for his alleged blasphemy against Islam in his novel *The Satanic Verses*. Britain has been heartened by the speed and decisiveness of its European partners' response with diplomatic sanctions against Iran.

In their talks on European Community matters, Mrs Thatcher is expected to reiterate the British Government's reservations about the proposals on closer economic and monetary links being drawn up by Mr Jacques Delors, European Commission President. She has firmly rejected calls for a European central bank and common currency.

Britain and France are expected to agree on two exchange programmes, one aimed to double the number of youth exchanges between the two countries by the end of the year, and the other to provide more exchanges of British and French diplomats.

Audience loves conciliatory Haughey

VIEWERS of Radio Telefís Eireann, the Irish national broadcasting service, had a choice of viewing on Saturday night, writes Kieran Cooke in Dublin.

On one channel was an early film starring that great communicator of the 1930s, Ronald Reagan. On the main channel was live coverage of a speech by Mr Charles Haughey, Irish Prime Minister, to delegates at the annual convention of his governing Fianna Fáil Party.

It was a high-tech performance, delivered with the aid of an autocue in front of giant TV screens, but a lower-key speech: Mr Haughey's rather laconic delivery at times had all the zest of a Soviet Central Committee report in the old days.

This is not to say the speech lacked content. The prime minister made his most direct appeal yet to the Unionists in Northern Ireland for talks to bring an end to violence.

Mr Haughey's language was far more conciliatory than in the past: he talked of "our unionist countrymen" and the great

future that was possible in a "partnership of equals" between the different communities in Ireland in post-1992 Europe. "The economic needs of both parts of Ireland are steadily converging," he said.

Fianna Fáil sees itself as the party of Irish Republicanism. Yet the call for Irish unity - a central article of party faith - was far less strident than before. "Our commitment is to unifying the Irish people in peace and harmony and, in that unity, to achieve the highest possible level of prosperity for all the people of this island of Ireland," said Mr Haughey.

Fianna Fáil (meaning *The Soldiers of Destiny*) is full of confidence. Mr Haughey's popularity and that of his party have never been higher.

Since it took power two years ago Mr Haughey's Government has brought about a small revolution in the country's finances. Radical cuts in public spending have saved Ireland from a debt crisis of Latin American proportions. Mr Haughey told his audience of the country's record

balance of payments surplus, its inflation rate of only 3 per cent and the benefits that will come with Structural Fund payments from Brussels.

He said the Irish economy would achieve an average annual growth rate of 3 per cent or more over the next five years, and promised further reductions in personal taxation in the hope of curtailing high emigration rates. He also promised action on unemployment which, at 13 per cent, is among the highest in Europe.

The party faithful interrupted Mr Haughey's speech with several bursts of prolonged applause. A group which tried to protest about Ireland's extradition agreement with Britain was quickly and firmly dealt with by party security guards.

The premier was seriously ill at the end of last year. "Charlie is Back" buttons were on sale. "We Irish are an indomitable race," said Mr Haughey. "The times are favourable, the opportunities beckon, our spirits are high. Let us take the tide at the flood." The audience went wild.

Polish premier attends plays by Czech dissident

By Christopher Boblinski in Warsaw

MR Mieczyslaw Rakowski, Poland's Prime Minister, attended the premiere in Warsaw at the weekend of two one-act plays by Mr Vaclav Havel, the Czech dissident writer.

Mr Havel was sentenced to nine months' jail in Prague for joining demonstrations commemorating the suicide in 1961 of Jan Palach, a Czech student opposed to the Soviet invasion of his country.

The unprecedented gesture by Mr Rakowski was designed to signal disapproval of the Czech action, demonstrate liberal intent at home and project a reforming image in the West.

After the performance, Mr Adam Michnik, a veteran dissident, read out a protest against Mr Havel's jail sentence.

The plays, staged at the Teatr Powszechny in Warsaw, had been performed there in 1981, just before martial law.

Polish state television ran reports on the production, showing the authorities are keen that their gesture in allowing the plays to be put on now is noted by the public at large.

Soviet reactor shut in earthquake zone

By Quentin Peel in Moscow

THE FIRST of two nuclear reactors at an atomic plant in the earthquake-stricken Soviet Republic of Armenia was closed down at the weekend, in the most dramatic gesture yet by the authorities to ease fears about nuclear energy.

The closure will cause power shortages throughout the three republics of the Trans-Caucasus - Georgia, Armenia and Azerbaijan - all of which relied on the plant outside Yerevan.

Austerity programmes have been drawn up to conserve electricity, including extra night shifts at factories, which are supposed to cut consumption by at least 5 per cent.

The local authorities have already been sharply criticised by the Politburo's earthquake commission for failing to take sufficiently urgent measures to reduce demand, and failing to warn the population about the likely shortages.

The plant's second reactor will be closed on March 18, by which time the authorities hope that warmer spring weather will have reduced demand for electricity.

The first reactor, with a capacity of 405,000 Kw, was completed in 1976, and the second, with a capacity of 410,000 Kw, in 1980.

The decision to close the plant has been taken with extraordinary haste after the earthquake last December, in spite of official assurances then that no damage had been caused to it and that its construction was able to withstand even greater shocks.

The power station has been under attack in Armenia since the Chernobyl nuclear accident in 1986. Opponents say it has had more than 150 "serious malfunctions" and that it should never have been built in an earthquake zone.

Construction of a second nuclear plant in neighbouring Azerbaijan has been halted since the earthquake.

Reuter reports: More nationalist demonstrations were reported at the weekend from Tbilisi, the Georgian capital. Up to 15,000 demonstrators calling for Georgian independence tried to meet in a park. About 200 were arrested.

Moves to end deadlock in Swedish pay talks

By Robert Taylor in Stockholm

LAST-DITCH attempts will be made today to achieve a national wage agreement covering most of Sweden's 1.2m private-sector workers.

Negotiators from the blue-collar union organisation, the LO, and the employers' body, the SAF, want a deal. Neither side relishes industrial strife.

Last week, the two sides came near breakdown in the talks. Intervention by the government looks necessary to end the deadlock. Bargainers would like to see a tax-cutting gesture by Mr Kjell-Olof Feldt, Finance Minister, making a central agreement more palatable on the shopfloor.

With inflation at more than 6 per cent a year, union leaders

and employers recognise the need for a central agreement taking into account industrial competitiveness and rising prices.

Negotiators would like a two-year national pact, which would strengthen the central collective bargaining system. However, this seems unlikely just now.

SAF has proposed a 3 per cent wage framework, with larger pay rises for lower wage earners and compensation if inflation accelerates in the next year. With a planned 1 per cent cut in the tax rates, this deal would have meant a 4 per cent deal. The LO has been seeking a wage rise of 7 to 8 per cent across the board.

Shamir sees no need to hurry peace plans

By Andrew Whitley in Jerusalem

TIME is working in Israel's favour and there is no need to rush into preparing peace plans, Mr Yitzhak Shamir, the Prime Minister, said yesterday.

According to the state radio, Mr Shamir assured his colleagues in the coalition cabinet that Palestinians in the occupied territories were pushing the Palestine Liberation Organisation in the direction of Israel's declared positions on peace negotiations.

As he spoke, troops in the West Bank city of Nablus were responding to the killing by Palestinians of a 25-year-old reserve paratrooper on Friday.

At least 150 residents of the city's cashah district, where the incident took place, have already been detained.

Visiting the scene, Lt Gen Dan Shomron, the army's chief of staff, warned local residents they would pay a high price for the death of Sgt Binyamin Meisner, the fifth Israeli soldier to die in the occupied territories since the uprising began. He refused to specify what steps might be taken.

In the Gaza Strip, troops yesterday shot dead a 29-year-old demonstrator in Gaza City. His death brought the Palestinian toll over the past 15 months to nearly 400. Scattered clashes also took place in the occupied territories on Saturday. In one

incident, a six-year-old girl was left in critical condition after being shot in the head.

In a worrying new development for Gazans over the weekend, unknown gunmen attacked two Palestinian hospital workers accused of being collaborators.

● A seven-year border dispute between Jerusalem and Cairo was resolved yesterday, when the Israeli Cabinet approved the terms of the handover of the Taba enclave to Egypt.

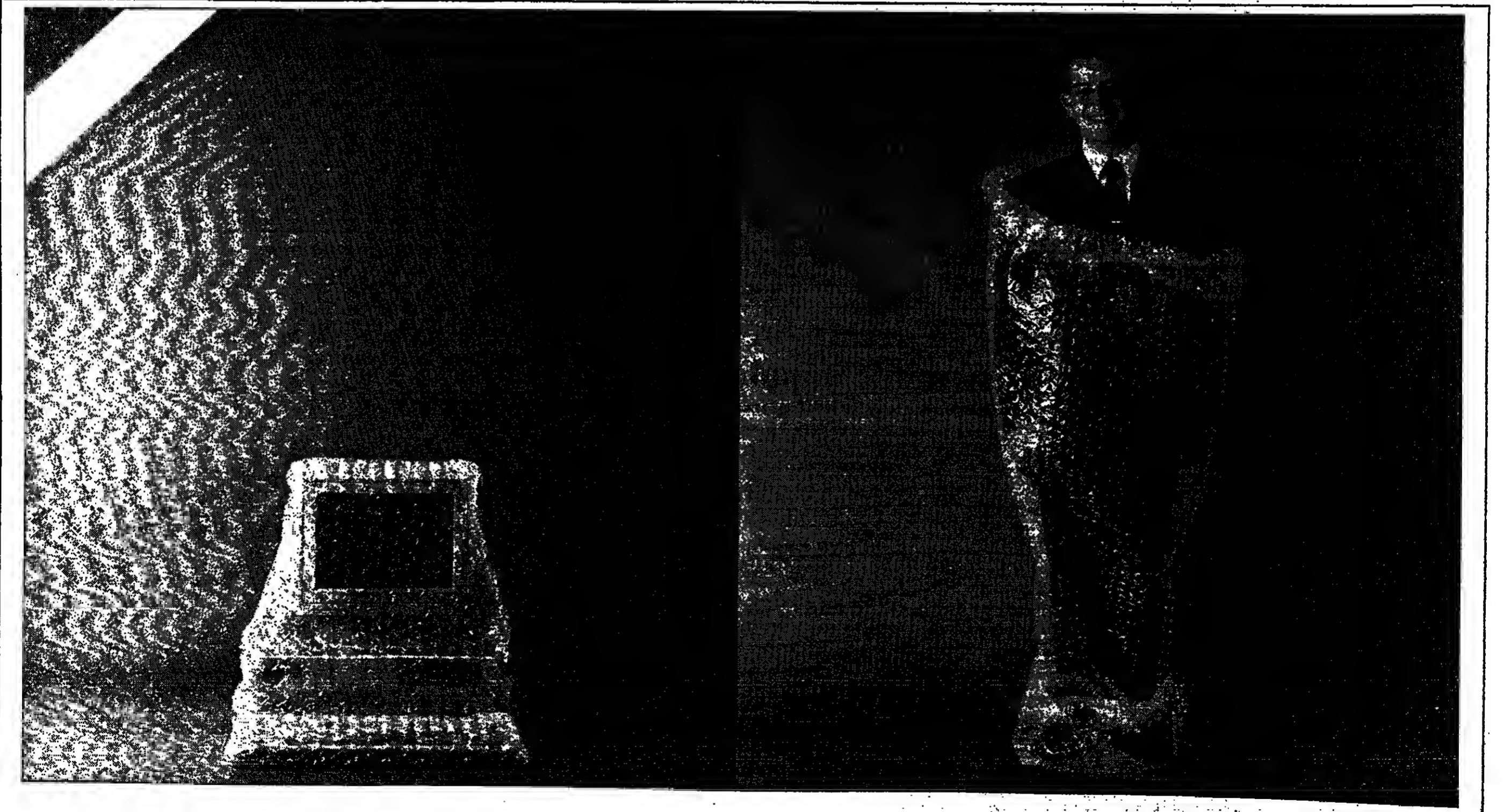
Agreement was recently reached whereby Egyptian interests will pay \$27m

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WORLD ECONOMIC INDICATORS

FOREIGN EXCHANGE RESERVES (US\$m)				
	Dec '88	Nov '88	Oct '88	Dec '87
US	17,363	17,587	19,603	13,088
UK	41,116	41,083	39,332	36,556
W Germany	53,315	56,332	54,540	72,883
Japan	90,514	88,354	85,532	41,116
Belgium	8,326	8,389	7,982	8,383
Netherlands	14,542	15,225	14,345	14,174
Italy	32,501	31,903	29,819	17,383
France	Oct '88	Sept '88	Aug '88	Oct '87
	23,184	25,335	26,320	29,834

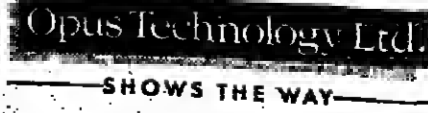
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OVERSEAS NEWS

Tower abjures alcohol in hope of swaying votes

By Nancy Dunne in Washington and Peter Riddell in Peking

MR JOHN TOWER, the beleaguered nominee for US defence secretaryship, took a televised pledge to abstain from alcohol consumption during his tenure of office.

This was in the hope of reversing the rejection of his nomination last Thursday by the Senate Armed Services Committee and winning the approval of the full Senate, in a vote expected towards the end of the week.

He read a letter from his doctor which concluded there was no physical evidence that the former senator had ever been an alcoholic or dependent on alcohol.

"Twelve years ago I gave up spirits," he said. "I haven't tasted Scotch in 12 years. I said he drank wine only with meals, but he occasionally had martinis and vodka."

The high-profile strategy for winning Senate approval was plotted nearly 9,000 miles away by President George Bush and his senior advisers between meetings with Chinese leaders. They see the issue as an important test for Mr Bush early in his presidency.

The advisers' strategy is to try to turn public opinion by arguing that none of the allegations against Mr Tower has been substantiated. They hope a shift in public mood will influence wavering Democratic senators.

The president has talked to several senators from the Far East and is due to meet a dozen senators in Washington tomorrow after his return from the Far East.

An ABC poll found 10 Democrats and three Republicans still undecided about their votes. Even if the president can keep all 45 Republican senators in line, he must attract the support of five Democrats to achieve a tie, which could be broken by Vice-President Dan Quayle.

Also on television yesterday, Senator Sam Nunn, influential chairman of the Armed Services Committee, threatened to reopen confirmation hearings and to subpoena witnesses to Mr Tower's alleged drinking habits. He also raised new concerns about Mr Tower's behaviour as a senator and a defence industry consultant.

Sudan alert on eve of generals' deadline

THOUSANDS of troops were on combat alert in Khartoum, Sudan's capital, yesterday on the eve of a deadline for political reforms ordered by rebelious generals, diplomats said.

Last Monday the army gave Prime Minister Sadeq al-Mahdi a week to meet their demands, including the formation of a broad-based "government of national salvation".

Western diplomats and military experts said they thought airborne and armoured brigade soldiers were among about 5,900 troops on combat readiness in Khartoum. "The plan is for all units in the capital [about 10,000 men] to go on full alert as the deadline comes near on Monday," said one expert.

Mr al-Mahdi, in reply to the army ultimatum, has warned the military against attempting a coup.

The military in Sudan has seized power three times since independence in 1956.

The ultimatum, dated February 20, complained that the army was poorly equipped and did not receive enough support from the government. The generals also said the Government should have a broader base.

Central America seeks to turn dream of a common market into reality

The region is looking to Europe for help, writes Tim Coone

IT was 20 years ago, in June 1969, that the outbreak of the so-called "football war" between Honduras and El Salvador put an early end to the Central American Common Market, set up under the Alliance for Progress which President John Kennedy of the US had inspired. Trade imbalances and industrial rivalries, rather than football, were the real motives for that brief but bitter war, which ended trade between Honduras and El Salvador for many years.

Since then, the Sandinista revolution in Nicaragua, guerrilla wars in El Salvador and Guatemala, and the war between the Sandinistas and Honduras-based Contra rebels, combined with a foreign exchange crisis throughout the region, have left the market integration proposal a moribund dream.

Over the next two days, however, the new regional peace plans, the revival of the CACM and solid finance to back it will be the principal topics of discussion at a highly significant meeting being held at the industrial city of San Pedro Sula in the north of Honduras.

Integration by cash injections with the aim of revitalising the CACM. Coming immediately after the El Salvador summit, with the Bush administration still without a policy on Central America, San José V will prove to be the most substantive of the five EC-Central America ministerial meetings so far.

The US policy vacuum in the region has allowed the Central Americans, with the support of

This remains small alongside the estimated \$800m to \$900m in US economic aid to the region last year, most of which was channelled to El Salvador and Honduras, but it represents a significant upward trend and is expected to be reinforced today and tomorrow in San Pedro Sula.

Central America's economic crisis is such that no offer of economic aid can now be ignored by any of the region's leaders. The Europeans are sure to emphasise, however, that peace there is the precondition for higher disbursements of aid now under discussion, such as the \$4.4bn economic cooperation plan for Central America, proposed by the UN General Assembly last May and to which the EC can be expected to be an important contributor.

If the EC throws its weight behind the Central American peace plan with the promise of more aid, the US will be left with little option but to follow suit eventually. The US, having failed to stimulate peace or prosperity in the region during the last 10 years, and seeing its prestige suffer, may be obliged now to give the Europeans a greater say in what it has considered its own backyard for 150 years or more.

Over the past 10 years, the EC has provided the Central America countries with about Ecu 350m in aid, in addition to the bilateral aid provided by member countries. According to an EC diplomat in Honduras, Community aid to Central America has grown from Ecu 42m in 1984 to more than Ecu 100m in 1988.

Mandelas meet after murder charges

MRS Winnie Mandela, the South African anti-apartheid activist at the hub of a scandal over murder charges linked to her squad of private bodyguards, spent more than three hours with her husband Nelson in prison yesterday, Renter reports from Cape Town.

Three of her bodyguards have been charged with murder of a boy activist, Stompie Moeketsi, who was buried on Saturday. She has not been charged, but police have raided her home in the black township of Soweto.

A grim-looking Mrs Mandela refused to talk to reporters after the visit to the Victor Verster prison at Paarl, near Cape Town, where Mr Mandela lives in a warden's villa.

It was her second visit this month and probably one of the longest since he was jailed in 1962. Mr Mandela is known to be much disturbed about the way the scandal is harming the anti-apartheid cause.

Representatives of two big South African anti-apartheid groups - the United Democratic Front (UDF) and the Congress of South African Trade Unions (COSATU) - arrived in Zambia yesterday for talks on the matter with the African National Congress.

Bush admits to difference of opinion with Greenspan

By Peter Riddell, US Editor in Peking

PRESIDENT George Bush of the US has admitted he is not in "total agreement" with Mr Alan Greenspan, chairman of the US Federal Reserve, about the seriousness of current inflation trends, adding that he is not happy about the latest rise in interest rates.

Mr Bush's comments, made during his present trip to the Far East, are his first since Mr Greenspan underlined last Wednesday his willingness to tighten monetary policy to counter inflation. On Friday, the Fed increased the discount rate.

Mr Bush said that, in spite of the latest official figures, he was not "overly concerned" about inflation. He also said he

had discussed the economic policy outlook with Mr Greenspan last Tuesday.

Admitting that higher interest rates were not helpful in deficit reduction, Mr Bush attempted to use the latest increase to argue "even more forcefully that we need an agreement on the Budget".

Member reports from Washington: Mr Richard Darman, Budget Director, said in a television interview on Saturday he disagreed with Mr Greenspan on the threat of inflation. He said he believed the economy would grow more rapidly than Mr Greenspan expected, and did not think a policy based only on tighter money would be good.

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 - In the event of such a transfer being implemented the Noteholders will have rights, on giving not more than 60, nor less than 30 days' prior notice to a Paying Agent, to require the successor of the Society to redeem their Notes as per on either of the first two future Payment Dates falling not less than 30 days after the vesting date;
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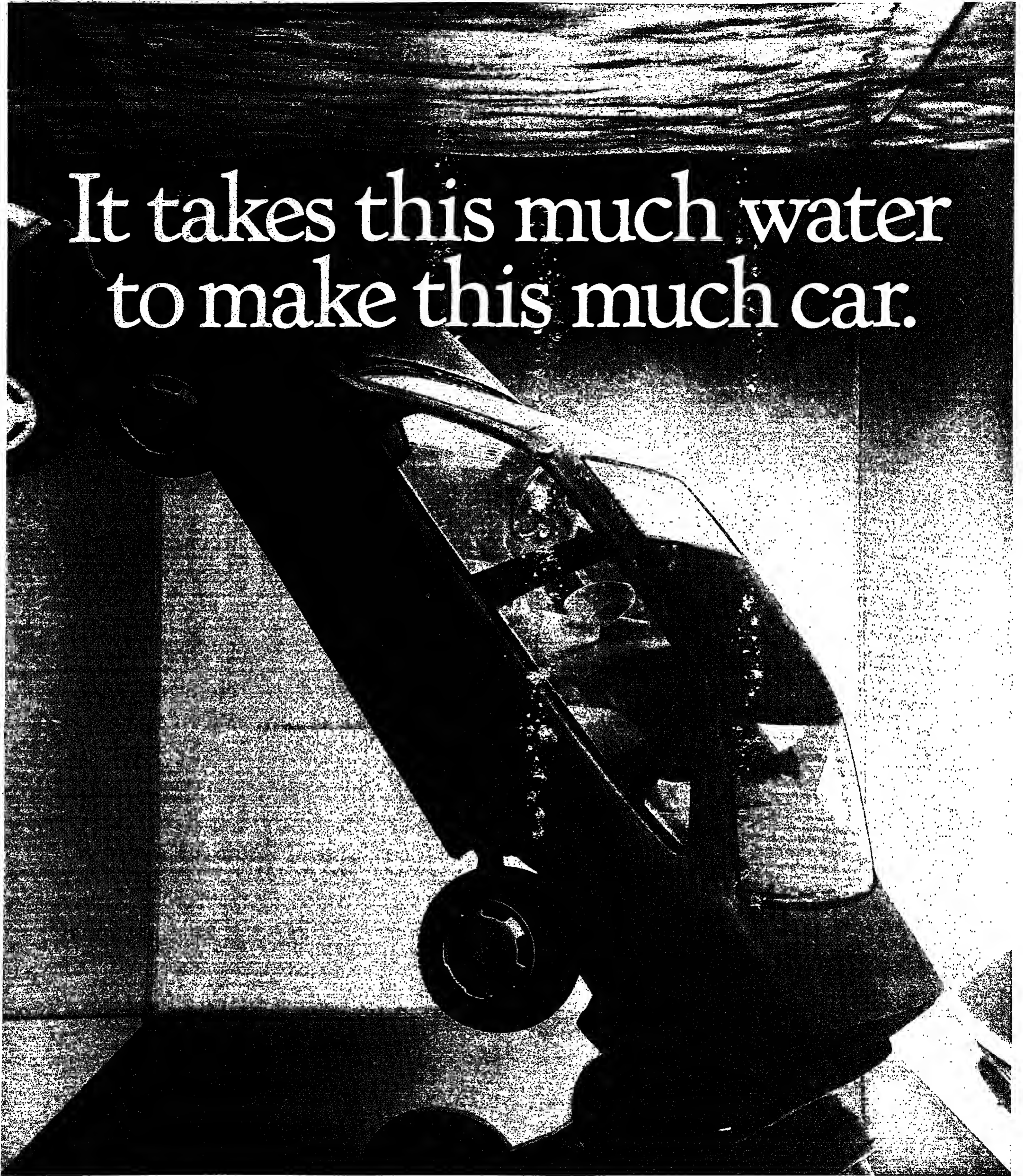
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Content
production

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It's not just cars that use a lot of water in their manufacturing process. Most things that are made are made with water.

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The 10 Water and Sewage Businesses of England and Wales.



When you buy
a used car, you can
always look
under the bonnet.

Pity you can't
look under
the paintwork.



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Just as you should never judge a book by its cover, you should never judge a used car by its paintwork.

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Since Sept. '85, the Audi 100 has been made completely of steel that is 100% galvanised on both sides, offering the best rust protection of any production car today.

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Energy reserves grouped in fewer hands

By Stevan Butler

A FRENETIC series of North Sea asset deals in the past year has resulted in a high concentration of ownership of Britain's oil and gas reserves and exploration acreage, says a report by County NatWest Woodmac, the securities company. Further, foreign companies have come to control most UK oil reserves.

The report says five companies own 57.7 per cent of Britain's commercial oil and gas reserves and 58.7 per cent of current output. Concentration is less pronounced for exploration acreage: the five control 38.5 per cent.

British ownership of UK oil and gas reserves has fallen to 37 per cent, if Royal Dutch/Shell is classified as a British company.

Number of companies	% of total UK commercial reserves	Oil	Gas	Total
BP	21.1	18.5	28.1	23.1
Top 5	54.2	57.7	52.7	55.2
Top 10	58.9	76.5	68.5	72.5
Top 15	78.9	87.9	78.5	83.5
Top 20	84.8	98.7	85.4	92.4

* Ownership of estimated remaining recoverable reserves from fields either in production, under development or expected to be developed in next two or three years. Source: County NatWest Woodmac.

The five leading companies are British Petroleum, Shell, Exxon, British Gas and Enterprise Oil. BP secured the most dominant position by acquiring Britoil last year.

The increased concentration followed from the high level of corporate activity last year in which 2.3bn barrels of oil equivalent changed hands, amounting to 15 per cent of

Britain's remaining commercial reserves.

BP now owns 20 per cent of those reserves, compared with about 12 per cent each owned by Shell and Exxon, the world's two largest oil companies. However, the fact that Shell and Exxon manage their North Sea assets together in a joint venture has the effect of increasing the degree of concentration even further.

Three large independents, Britoil, Tricentral and Acre Oil, were taken over by other

companies last year. Some non-oil companies, including Taylor Woodrow, RTZ, Tenneco, Pearson and Associated News left the industry, selling off oil and gas assets.

The result is that BP, Shell and British Gas account for 80 per cent of offshore commercial reserves owned by UK companies, and 85 per cent of UK companies' output.

The study raises the possibility that the reduced number of players in the field would lead to an atrophy of new ideas and approaches to the industry.

That danger was recently emphasised in a report by a Parliamentary Energy Committee which praised independents for "exceptional enterprise."

Kleinwort sees strong rise in N Sea oil production

By Steven Butler

KLEINWORT BENSON, the London securities group, has issued one of the most bullish forecasts yet for oil production in the North Sea, saying oil could play a critical role in the UK economy if, as its forecasts, oil prices rise significantly early in the next decade.

In its latest issue of Drill Bits Weekly, a market commentary, Kleinwort Benson forecasts that UK oil production from known discoveries

will rise from 1988 average levels of 2.28m barrels a day to a peak of 2.46m b/d in 1994.

The production forecast comes close to the upper range of a recent government projection for the next five years, which lifted estimated production by about 10 per cent over earlier government forecasts.

The Government forecast a range of production in 1993 between 1.6m to 2.4m b/d, compared to a firm prediction by

Kleinwort Benson of 2.37m b/d.

Kleinwort Benson also forecasts that production will remain above 2.3m b/d until at least 1996, with the later years subject to upward revision should the recent high level of success in North Sea exploration continue. That means a high likelihood of production close to 2.4m b/d for a number of years.

The increased figures would have important implications

for the UK economy should Kleinwort Benson be correct in its predictions that oil prices are poised to rise significantly in 1992 or 1993, as the world becomes increasingly dependent on the Middle East for crude oil supplies.

The result, in 1994, would be to give the UK net exports of oil of 800,000 b/d, yielding a contribution to UK exports of £7bn to £8bn. That assumes an oil price of \$25 (£15) a barrel.

Although the UK would also suffer at that time from inflationary pressures brought on by rising energy prices, it would be relatively cushioned compared to the big oil-importing countries, such as Japan, West Germany and the US.

GrandMet reorganises after £3bn US deal

By Philip Coggan

GRAND-METROPOLITAN, the UK food and drinks group, has reorganised its foods operations after the \$5.7bn (£3.2bn) purchase of Pillsbury, the US food and Burger King restaurant company.

A new unit will be established - Grand Metropolitan Foods, Europe - with annual sales of \$2.5bn. It will have two divisions. The first - Pillsbury Foods Group (Europe) - will consist of the European foods operations of Pillsbury, with business in the UK, France, Spain, the Netherlands and West Germany and the non-dairy operations of GrandMet subsidiary Express Foods Group.

The other operating division in this unit will be Express Foods Group (International), which largely consists of GrandMet's dairy interests. Mr Michael Hodgkinson, managing director of Express Foods Group (International), will become chief executive officer of Grand Metropolitan Foods, Europe.

Pillsbury's non-US and non-European operations, with annual sales of about \$500m, will be grouped in a second unit, Pillsbury International.

Pace of shoe job losses quickens as imports increase

By Alice Rawsthorn

SEVERAL thousand jobs were lost in the footwear industry last year because of the rapid rise in imports fuelled by the strength of sterling.

The footwear industry has faced intense competition from imports for about a year. Pressure on profitability has intensified in recent months, however, and the rate of job losses and company closures has accelerated.

The volume of imports coming into the UK rose by 6 per cent to 188.6m pairs of shoes last year, according to the latest statistics from the British Footwear Manufacturers Federation.

The level of import penetration increased from 83 to 85 per cent during the year. That compares with import penetration of 47 per cent in 1980.

The import pressure has been most intense in the women's and children's shoe sectors, concentrated in Leicestershire and Lancashire.

In recent years, several south-east Asian countries - such as Taiwan and South Korea - have invested heavily in manufacturing capacity for women's and children's shoes.

By contrast, the men's shoe

manufacturers, mainly based in Northamptonshire, benefited from buoyant demand. The traditional British brogue is now fashionable all over the world and the men's shoe makers have experienced healthy growth in both home and overseas markets.

The women's and children's shoe companies bore the brunt of the 2.5 per cent fall in footwear output - to 122.6m pairs worth \$960m - last year. Similarly the job losses and company closures have been concentrated among these companies.

It is still not clear exactly how many jobs were lost in the industry during the year. The Government's figures indicate that employment fell by 7 per cent - or by about 3,686 to 48,900 - in the 12 months to October. The BFMF suggests that the rate of decline is likely to have accelerated since October.

The rate of company closures has also accelerated. J. Percival, a Leicester company, stopped production last week after 86 years of shoe making. Mr Roger Percival, managing director, blamed import competition as the cause of its difficulties.

Nature fund urges use of overseas cash

By Stephen Fidler, Euromarkets Correspondent

THE WORLD Wide Fund for Nature has embarked on a campaign to persuade British companies and individuals to apply funds frozen overseas to development and conservation programmes in the countries concerned.

Many companies and individuals have money locked in bank accounts in developing countries, mainly in Africa and Latin America, which they cannot bring home because the individual governments lack the foreign-exchange resources to allow the transfer.

Such funds can arise from profit remittances or proceeds from the sale of businesses. Because of local currency depreciation, the value of the blocked funds, some of which have been held for years, often declines significantly, leading many companies to write them off entirely.

In pilot schemes in Tanzania, Zambia and Zimbabwe, the charity's UK arm has already raised the equivalent of £250,000 to fund projects.

Consolidated Gold Fields has, for example, donated Zimbabwe dollars for a project aimed at finding ways to counter the environmental problems caused by cattle ranching.

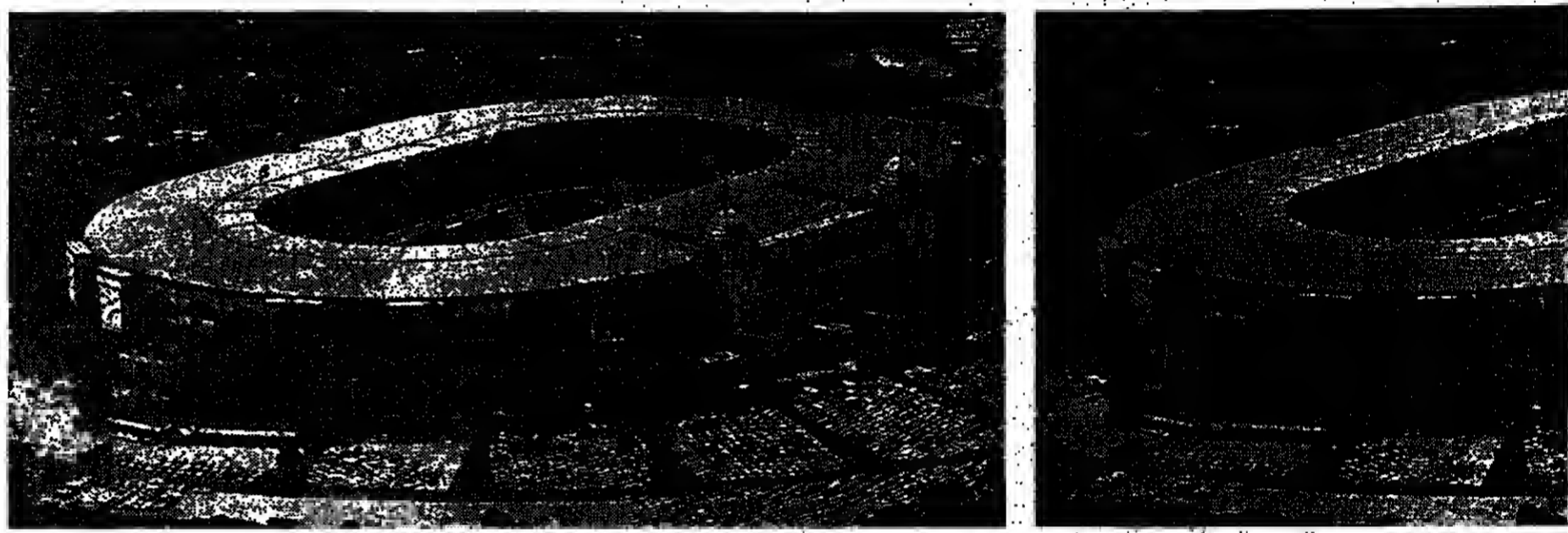
Rio Tinto Zimbabwe has also made donations.

Chloride's Zambian subsidiary has contributed to a wetlands project in the Kafue flats and Bangweulu Basin. T & N have paid for a helicopter, as part of a project to support the endangered black rhino population in the lower Zambezi valley.

These three countries continue to be targeted by the fund, which is also initially aiming to raise money in Zaire and Brazil. But officials believe the concept could be applied to many of its 240 projects in 40 developing countries. "We think the idea has enormous potential," said Ms Sarah Brunwin of the charity's corporate fund-raising department.

The release of blocked funds has possible tax consequences, either adverse or favourable, to the company concerned, so the accounting firm of Arthur Andersen is offering advice to companies interested in pursuing the idea.

The charity's US group has led the way in sponsoring so-called debt-for-nature swaps, in which sovereign debt of a developing country is purchased at large discounts and swapped into local currency to support conservation projects.



IF ET CAN
FILL WEMBLEY
MORE THAN
1½ TIMES WITH
TRAINEES

(AND THAT'S 150,000 PEOPLE).

Barclays plans to advise pupils on passing exams

By David Thomas, Education Correspondent

BARCLAYS BANK is planning to send advice on how to do well at exams to more than 500,000 school pupils in what is claimed as the biggest sponsorship arrangement yet between a commercial company and an examining board.

In return, the bank will be able to market its service to pupils taking the 16-plus GCSE exam with the Southern Examining Group and the 18-plus A and AS levels with the Associated Examining Board - two of the biggest school examining bodies in the country.

Pupils sitting exams with the two examining bodies will be able to send off for a free exam guide entitled How To Do Better In Exams.

Those who pass their exams will be able to apply for another document outlining the syllabus covered by each exam: this is designed to give

employers and colleges easily understood information on the exams the pupils have taken.

The form to be completed by pupils in order to receive the guides will also contain a box asking if they want to receive details of banking services from Barclays.

Barclays is paying for the printing and despatch of the guides. The bank said the initiative flowed from its desire to develop links with education and represented a significant marketing opportunity.

Mr George Turnbull, chief executive of the Associated Examining Board, said the arrangement was the most extensive yet between the examining world and business. Barclays had agreed to fund the publications for a three-year period initially, but he hoped that would be extended over a further period.

Staff canteens attract record level of custom

By David Churchill, Leisure Industries Correspondent

STAFF CANTEENS are enjoying a record level of popularity with British workers, according to a survey of companies covering over 500,000 employees.

The survey, by the Industrial Society, shows that 68 per cent of workers last year bought a cooked meal, snack or light refreshment each day from a company canteen.

"The survey registers the highest number of total sales ever recorded," the report points out.

The 68 per cent level was 10 per cent higher than in 1985, and 20 per cent up on 1978.

However, the survey shows that about a third of a company's workforce "want to buy a cooked meal and, at under £1.50, those courses and tea or coffee is value for money."

However, prices have risen by an average of 23 per cent

since 1985, with prices in London and southern England higher than in the North and Scotland.

Sales of drinks such as tea or coffee have increased to about 2.5 cups daily, although employees in London and the North have at least three cups a day.

The traditional tea trolley is disappearing, the survey points out. Sales of drinks from machines are 2.5 times those from manual services. Employees drink 2.5 times as much vending coffee as tea.

The executives-only dining room is also on the way out. About three quarters of companies had the same dining facilities for all employees.

28th survey of catering prices, costs, subsidies, and other information. Industrial Society, Peter Range House, 3, Carlton Terrace, London, SW1Y 5DG.

UK NEWS

Warburg takes first place in gilt-edged rankings

By Simon Holberton, Economics Staff

WARBURG SECURITIES has pushed out Phillips & Drew and moved up to first place in the ranking of gilt-edged market makers in 1988, according to a survey by Greenwich Associates, a US ratings agency. The survey polled 145 UK institutions and users of the gilt market. It is conducted yearly and is regarded as one of the most reliable assessments of the performance of individual securities houses. It is used internally by market makers to identify weaknesses and make improvements, either by changing personnel or putting more resources into weak areas. Warburg consistently scored first in overall ratings for how many institutions cited it in the top 10, the overall rating of its sales force, market-making capability and economic research. In most of those categories it occupied second place to Phillips & Drew in 1988. The ratings provide a reasonable guide to the market share of the main dealers in the gilt market but tell little about profitability. The second-placed house, Phillips & Drew, disclosed big losses in its gilt operation. The overall rating is based on the frequency of citation in

the top 10. Sub-dividing that rating, however, shows Barclays de Zoete Wedd in the lead, with 17 per cent of the survey group nominating it first. Warburg came equal second with Phillips & Drew, with a score of 16 per cent each. The sales team at Daiwa

TOP GILT TRADERS IN 1988*

Warburg	1 (2)
Phillips & Drew	2 (7)
ECW	3 (4)
Greenwell Meechings	4 (6)
James Capel	5 (4)
Goldman Sachs	6 (8)
Hoover Gossett	7 (7)
Clare	8 (6)
County NatWest	9 (12)
CSFB	10 (19)
Kleinwort Benson	11 (9)

Securities, one of two Japanese securities houses to join the market, was rated best, with 36 per cent of the survey group rating it outstanding. Goldman Sachs was second, followed by Merrill Lynch and Warburg. Daiwa was also rated best at dealing in large blocks of short-dated gilts. It was followed by CL Alexanders Laing & Crutckshank, Warburg and Goldman Sachs.

Ethical investments can match market

By Heather Farnbrough

THE RETURN on ethical investments can be as good as the rest of the market, according to a study of eight hypothetical ethical index portfolios over a five-year period, compiled by Barra International, the independent international pension and investment consulting firm. The cumulative return on ethical portfolios ranged between 147 per cent and 165.5 per cent, compared with an index return of 161 per cent. The yield on ethical funds remained over 4 per cent, compared with an index yield of 4.36 per cent. The worst performer was the tobacco-free portfolio (total return of 147.4 per cent), while the best was one that excluded all South African companies with over 1,000 employees (165.5 per cent). However, a number of ethical funds, notably Merlin Ecology, appear to have outperformed the market by selecting on a positive basis instead. The idea is that companies that care about their employees and matters such as pollution and the environment have more forward-looking management, so will perform better.

LONDON BUSINESS SCHOOL ECONOMIC OUTLOOK Growth 'will slow down for soft landing'

By Peter Nerman, Economics Correspondent

THE London Business School is confident that the British economy can achieve the desired "soft landing" from last year's excessively strong growth. In its latest three-yearly forecast, published today, the LBS envisages a slowdown in economic growth but no recession in the period to 1992. The LBS's Economic Outlook predicts that Britain's huge current-account balance of payments deficit will decline significantly over the next four years. Inflation will fall moderately to under 5 per cent. However, the sharp fall in jobless numbers from more than 3m in early 1987 will grind to a halt. Unemployment is projected to hover around 2m in the next four years. The LBS has only slightly revised its view of future economic trends since its last main forecast at the end of October. Real economic growth of 3 per cent this year and 2.4 per cent in 1990 will be somewhat slower than previously envisaged, to reflect the increase in bank base rates to 13 per cent in November last year. The LBS forecasters, who were already more optimistic than most of their peers about the likely development of the current account, now expect a somewhat faster decline in the deficit. The current-account

ECONOMIC FORECASTS

	1988	1989	1990	1991	1992
GDP	4.7	3.0	2.4	2.6	2.4
Inflation	5.2	4.8	4.7	4.8	5.3
Consumers'					
Expenditure	6.2	2.4	2.2	2.7	2.2
Total Fixed					
Investment	7.8	3.5	2.8	3.0	2.9
Govt Consumption	0.4	0.6	0.8	0.9	0.9
Stockbuilding	1.2	1.3	0.9	1.0	1.1
Exports	0.2	4.4	4.3	1.9	2.5
Imports	22.2	3.3	2.4	1.3	1.4
Starting Index	98.0	97.0	96.0	96.0	96.0
PSDR (Ebn, finan years)	12.9	15.7	15.0	16.5	16.7
Current Balance (Ebn)	-14.0	-12.0	-11.5	-9.2	-5.8
Unemployment (UK, m)	2.3	2.0	2.0	2.1	2.0

deficit is expected to drop this year to £12bn from about £14bn in 1988 and continue falling to £5.8bn in 1992. In October, the LBS forecast a decline in the deficit to £8.5bn in 1989. The forecast pinpoints a sharp decline in the growth of import volumes this year as the main factor behind the expected improvement in the deficit. Throughout the forecast period, the LBS expects the volume of British exports of goods and services to grow more quickly than imports. British manufactured exports are expected to rise by 7 per cent this year after a 5 per cent rise in 1988 while the growth of production for domestic consumption is forecast to slow from more than 7 per cent last year to less than 5 per cent in 1989. Overall, the growth of manufacturing output is expected to slow to 5.5 per cent this year and 3.3 per cent in 1990 from 6.7 per cent last year. As output slows, manufacturing productivity growth should decline to between 4 and 5 per cent annually from 7 per cent. The decline in consumers' expenditure, highlighted in the table, is expected to depress output in the construction, distribution and services sectors. The personal savings ratio,

which fell to a record low of 1.3 per cent in the third quarter of last year, should recover to more than 4 per cent in 1991-92, the LBS says. The LBS believes that bank base rates have peaked at their present 13 per cent but sees little chance of a rapid reduction because of the need to keep the pound stable to control inflation. It says a reduction in base rates to 12 per cent in the second half of this year and to 10 per cent by the end of 1990, as world interest rates are reduced, would be consistent with exchange-rate stability. The report says that the present tight monetary policy needs to be reinforced by fiscal caution. The LBS expects the public sector to remain in chronic surplus and projects a public-sector debt repayment of nearly £20bn in 1992-93. The forecast assumes that the Government will be able to remit a small part of its surplus to taxpayers over the forecast period. For illustrative purposes only, it has assumed a series of 1-percentage-point reductions in the basic rate of income tax from the year's Budget onwards to reach Mr Lawson's target of a 30 per cent basic rate in 1993. *Economic Outlook, Vol 13, No 5. Gower Publishing, Gower House, Croft Road, Aldershot, Hampshire GU11 3HR. Annual subscription £135.*

Call for tax reform to increase savings

By Ralph Atkins, Economics Staff

BRITAIN HAS a rare opportunity to reform the tax treatment of savings by using the public-sector surplus for tax incentives to boost private savings, an article in the Economic Outlook says. "Tax treatment of savings is a 'shambles,'" Mr John Kay, the report's author, writes. He sets out proposals for a scheme that would encourage savings without allowing tax incentives to leak into consumer spending. The article highlights many anomalies and inconsistencies in the taxation of savings. It says: "Even the most level of playing fields will have the odd bump, and that may not distort the game too much. But it is hard to talk of a level playing field when no two parts of it are at the same height." Mr Kay adds: "The Saturday editions of the quality newspapers are full of invitations to subscribe to schemes which are distinguished more by their tax advantages than the underlying profitability of the investment involved." If taxation regimes are to be standardised, he says, there are two main alternatives. One would be to develop Personal Equity Plans (PEPs), which offer no tax relief on investment but exempt the yield. However, Mr Kay rejects that idea. The difficulty is that the revenue cost of PEPs is low in the first year but the schemes boost consumers' wealth, encouraging spending in anticipation of future tax relief. If the Government were to spend £5bn on expanding the scheme, a large chunk might feed through into spending, he says. A second, more attractive, regime for the Government to introduce would be based on the tax structure of personal pensions or US Individual Retirement Accounts. Here investments attract tax relief but proceeds are subject to a full tax charge. Its advantage would be that tax revenues forgone by the Government would flow into private sector savings. If taxpayers tried to spend the tax relief, they would immediately trigger a clawback. Mr Kay suggests that individuals should be allowed to invest in such schemes up to a certain limit with withdrawals and higher rate tax. He estimates that if £5bn of tax revenue was forgone, personal savings might rise by about £10bn.

Fall in people aged 45-64 is 'main cause of decline'

By Simon Holberton

THE DECLINE in the number of people aged 45-64 has been a principal cause of the fall in recorded savings in Britain during the 1980s, according to London Business School economists. However, they say the level of savings will recover in the 1990s as the number of people in this age group rises. The authors of the study in the latest Economic Outlook, Mr David Curria, Mr Sean Holly and Mr Andrew Scott, also forecast an improvement in the current account of the balance of payments. Given that outlook for savings, the LBS warns Mr Nigel Lawson, Chancellor of the Exchequer, that he would be ill advised to heed calls for Budget measures to raise the level of savings. The authors say the four main reasons cited for a decline in the rate of savings - mismeasurement of savings, financial deregulation, the house price boom and expectations of higher growth - are insufficient to explain the fall. All have played a part, but the recent tightening in monetary policy should be enough to reverse the trend they started. High interest rates will depress consumption and house price rises and the rate of economic growth, which should help raise savings. More important, however, is the growth in the numbers of people reaching the age of 45. The group aged between 45 and 64 tends to save more than younger and older groups, and it was this group that fell, as a percentage of the population, during the 1980s. "The decline reflects primarily the effects of the Second World War on the birth rate... There is an appreciable revival of numbers in this age group as the post-war baby bulge enters middle age." Growth in that age group is beginning this year and will rise to more than 1m people by 1996. By that time, the savings ratio will be 2 per cent higher than it would have been without this growth in the age group.

Clothing retailers hit as consumer spending falls

By Christopher Parkes, Consumer Industries Editor

THE CLOTHING MARKET has been hit especially hard by reductions in consumer spending. The annual rate of sales growth last year was only 6.6 per cent, the lowest since 1963, according to a report from Verdict, the retail research group. A number of other factors were already making life difficult for clothing retailers and depressed spending caused by high interest rates has made matters worse, the report says. The business has been suffering from low price inflation at a time of rising operating costs, and retailers have relied too heavily on new store openings to provide growth. Demand for new outlets in turn has raised costs, pushing up rents and property prices. Verdict says that clothing occupies 20 per cent of retail sales space, but accounts for only 15 per cent of retail turnover. It concludes that "there is simply too much space chasing too few sales." The gloomy outlook is intensified by the lack of strong fashion trends, which has tended to make many of the multiple chains and their offerings look indistinguishable from one another. Burton Group has narrowed the market share gap with Marks and Spencer, but with 9 per cent of sales, against 15 per cent, it still has ground to make up. Verdict on Clothing Retailers. Verdict Research, 113 High Holborn, London WC1V 6JS. £450.



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Opportunities for trainees: Office Factory Other

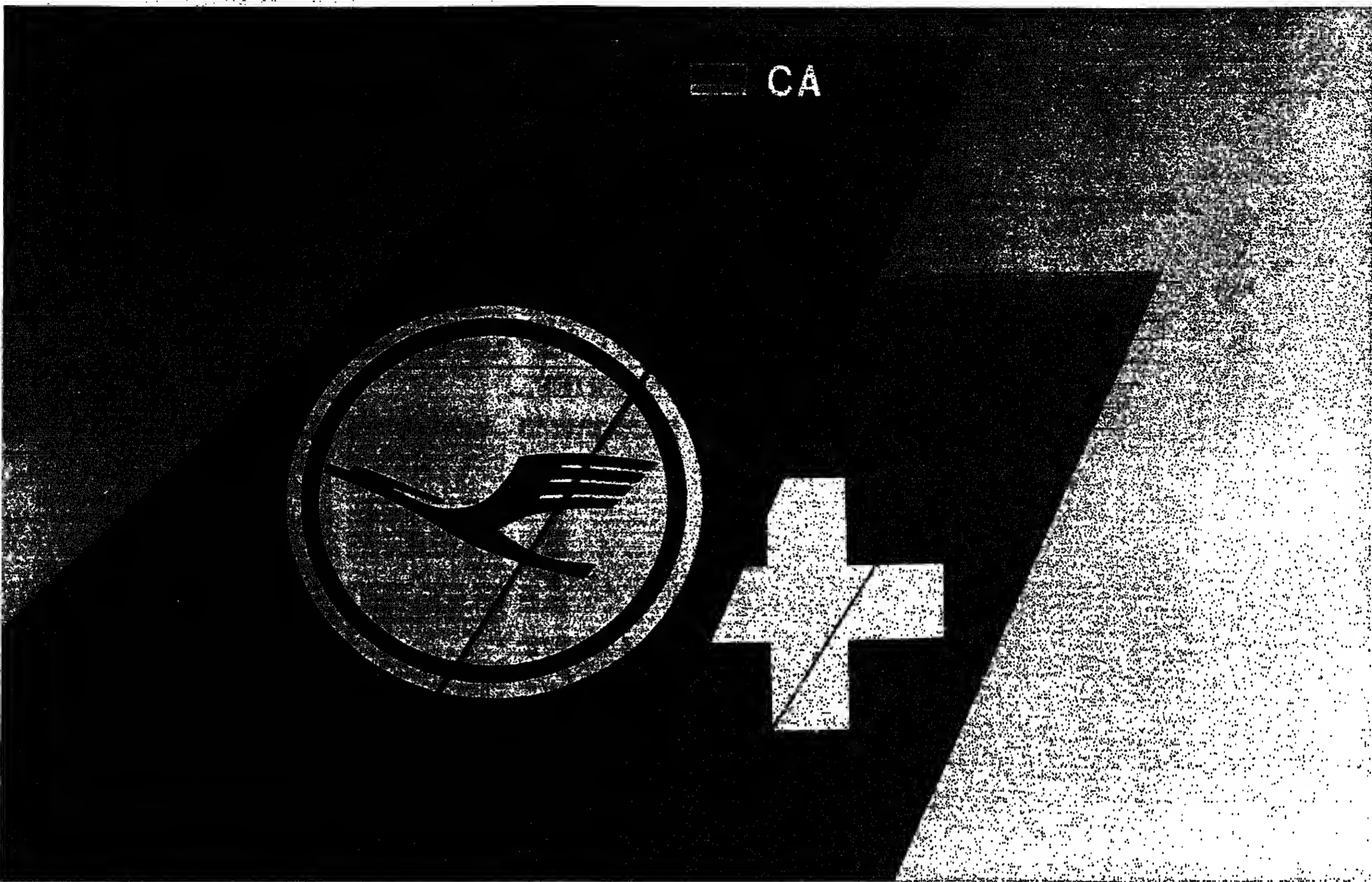
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DIARY DATES

Trade Fairs and Exhibitions: UK

February 28-March 2 International Powder, Granule & Bulk Solids Exhibition - POWTECH (0683 716244)

Overseas Exhibitions

February 29-March 3 Computer and Communications Exhibition - MEXICO COM EXPO (01-977 3474)

Business and management conferences

February 28 IBC: Protecting and insuring against country risk in trade (01-236 4081)

PARLIAMENTARY TODAY

Commons: Debate on agricultural prices. Motion on EC document relating to Community strategy on forestry.

Tomorrow

Commons: Debate on Royal Navy. Lords: Prevention of Terrorism (Temporary Provisions) Bill, Committee.

Wednesday

Commons: Debate on Welsh Affairs. Lords: Debate on food production.

Thursday

Commons: Debate on housing. After 7 p.m. debate on EC documents on annual report from European Court of Auditors for 1987.

Friday

Commons: Private Members Bills.

Berkshire retail complex

A £30m construction contract for a joint Marks & Spencer and Tesco development, to be known as 'The Meadows', in Sandhurst, Berkshire, has gone to KYLE STEWART.

Fitting out York store development

WIMPEY CONSTRUCTION UK has been awarded contracts totalling more than £8m. Marks & Spencer has awarded a management contract for fitting-out its newly-extended store in the Coppergate Centre, York.

Submarine base

A. MONK & CO has been awarded a Property Services Agency contract at the Clyde submarine base, Faslane, North Ayr, which provides for the refurbishment and extension of workshops in the naval technical department.

CONSTRUCTION CONTRACTS

Orders continue to rise

By Andrew Taylor, Construction Correspondent

TOTAL ORDERS received by contractors for construction work in Britain rose by 5 per cent last year, according to the Environment Department.

The latest order figures produced by the department show that contracts worth almost £20.7bn at 1985 prices were placed with contractors last year. This compares with orders worth £19.7bn in 1987.

British construction orders in current prices rose from £22.1bn in 1987 to £26.3bn. Since 1985 the volume of orders won annually by contractors working in Britain has risen by more than a third.

The department's figures show order books continued to increase sharply in the final three months of last year. Orders during the final three months were 10 per cent higher than during the previous three months and 23 per cent higher than in the corresponding months at the end of 1987.

Crown Courts in Newport

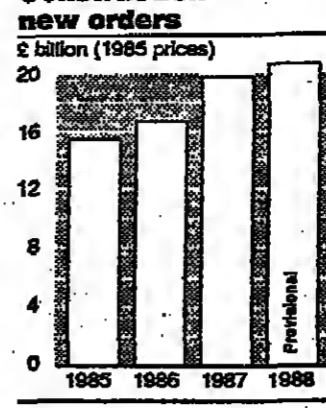
ALFRED McALPINE CONSTRUCTION South Wales region has been awarded a £7.24m contract by the Government's Property Services Agency (PSA) to build Crown Courts in Newport, Gwent.

The project, for the Borough of Walford, will include the construction of a 1600 sq metre leisure pool with two 12 metre high flumes together with a 25 metre long, six-lane competition pool, a learners' pool and a health suite.

JOHN DOYLE CONSTRUCTION has been awarded a £7.1m substructure contract for the Howard Centre complex at Welwyn Garden City, Hertfordshire.

NORWEST HOLST MANAGEMENT CONTRACTING has won an £8.5m contract for a leisure pool, to be built on the former Benskin's Brewery site in central Walford.

Construction new orders



The increases are in line with recent forecasts which expect construction output to rise by a further 3 per cent to 4 per cent this year.

IN BRIEF...

SIR ROBERT McALPINE SONS has been awarded a £12m contract by Uniqys UK to build a warehouse/office block at Milton Keynes that will be used as a logistics centre.

CONTRACTS & TENDERS

REPUBLIC OF THE IVORY COAST Tender No. 2920/DMP 1. The National Telecommunications Office of the Ivory Coast has obtained a loan from the IBRD, in various currencies, to finance the cost of the project concerning the refurbishing of the equipment and the strengthening of the maintenance of services.

COMPANY NOTICES

Industrial Bank of Finland Limited UA 15,000,000 7% 1978-1993 Guaranteed Bonds On February 14, 1989, Bonds for the amount of UA 1,500,000 have been drawn in the presence of a Notary Public for redemption on April 5, 1989.

FINANCIAL

COMPANY MEETINGS: Danmora Electrical, Waterford Media Centre, 1, Canons Road, Bristol, 12.00. Davitts, Malborough Works, Inverness Road, Hounslow, Middlesex, 4.00.

Callor Allen Income Fd. 30p. Callor Allen US Dollar Inv Fd. 150p. Callor Overseas Fund 1.35p. Callor Overseas Income Fd. 1.35p.

MORAY DISTRICT COUNCIL APPROVED CONTRACTORS LISTS

Moray District Council are revising their lists of Approved Contractors. Experienced General Contractors and Specialist Contractors wishing to be considered for inclusion on these lists should apply in writing for an application form for "CAPITAL WORKS" to:-

CAPITAL BUILDING WORKS

Director of Housing and Technical Services, Moray District Council, High Street, ELGIN, IV30 1BX. Telephone enquiries may be made to:- The Principal Quantity Surveyor, District Headquarters, Elgin, Telephone Elgin 3451 Extension 2218.

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CRENDON Hi-Spec Structures for Hi-Tech Industries CRENDON STRUCTURES LIMITED Long Crendon, Aylesbury, Bucks. HP18 9BB

Building Stansted Airport rail tunnel

Excavation work has started on the 1.8 kilometre-long tunnel which will carry the Stansted Airport rail link beneath the Essex airport's main runway and on to the new passenger terminal, scheduled to open in 1991.

The work is being carried out by tunnelling specialists, J.MURPHY & SONS, under a contract worth more than £11m, using a giant full-cased tunnel boring machine specially brought in from Singapore.

Construction of the rail link involves building a 5.4 kilometre stretch of railway from the London/Cambridge main line terminating in a three-platform station beneath the concourse of the new airport buildings.

Office facilities in Woodford

The DEW GROUP has won orders totalling more than £22m in the last four months. Among the awards are a £7m design and build project for an engineering and design block for British Aerospace at Woodford consisting of 180,000 sq ft steel-framed three-storey brick and metal clad office block, air-conditioned with tinted double-glazed windows; a chemical production building for Courtauld Engineering worth £2.2m; and a phase 2 factory extension for British Vinegars valued at £2.2m.

LEGAL NOTICE

NOTICE IS HEREBY GIVEN that the Transfer Books of Ordinary and Preference Stocks will be closed for one day only on 13th March 1989 for the preparation of Dividend Warrants payable on 14th April 1989.

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DANISH BANCROFTY ESTATE

In the bankruptcy estate No 84/1986 A/S P.V. Christensen, the Maritime and Commercial Court of Copenhagen, Probate Division, has decided, pursuant to Danish bankruptcy law No 154/2, that the last day of which claims may be admitted shall be the 1st of May 1990.

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MANAGEMENT

Aveling Barford

How the earth shifted under a dump truck maker

Nick Garnett on the buy-in team's hopes for reviving the troubled UK company

David Clement stands in one of the cavernous, near-empty factory buildings on the huge Aveling Barford production site and contemplates what befell the company where he has worked for 23 years.

The earthmoving equipment maker, famous for its big dump trucks, is a classic study in the terrible things a management can inflict on a business.

"In no circumstances will I fail," says a very confident Duncan Wordsworth, former head of European operations at Coles, the mobile crane maker, and chairman of the new business.

Wordsworth holds 43 per cent of the shares in Aveling Barford (Machines). The demise of the old Aveling is a sad affair, compounded by the questions still unresolved in the small Lincolnshire town as a police fraud team continues its investigation into a large shortfall in the old company's pension fund.

With its roots going back to 1867 when the former Aveling & Porter supplied the world's first steam-powered road roller, Aveling was the UK's biggest construction machinery supplier when British Leyland absorbed it exactly 100 years later.

Aveling was none the less a small supplier compared with monster companies like Caterpillar of the US. But it was a substantial producer of rigid-bodied dump trucks, graders, and road rollers.

From the arrival of BL in the massive and disastrous restructuring of the UK's vehicle and mobile equipment industry, Aveling was plunged

on a downward course. "The British Leyland period was pretty well a total disaster," says Steven Dexter, production manager of the new company.

Aveling is also a symbol of rebirth. Since what was the UK's biggest construction machinery producer slid into receivership last June, a management buy-in team has moved on to the 67-acre site at Grantham, in Lincolnshire.

The industry was then moving away from rigid to articulated dump trucks, from static to vibrating road rollers and competitors were developing more advanced graders and wheel loaders.

Aveling got caught up in the tidal wave of shop floor demarcation and restrictive practices which swept through UK industry.

By 1983, after a world slump in machinery purchases, BL was ready to throw in the towel and shut it all down.



The introduction of a 55 tonner has been achieved through some re-engineering and a larger cab and engine

five years. They also bought the manufacturing rights to the Norwegian Nordstrom articulated dump truck in a belated move to catch up with the market.

But the fact is that Lee lived in Philadelphia and neither spent enough time on site to provide the necessary management input.

Clement says Eschallier was brimming with ideas but never stayed long enough to push any through. "The worst time in the company's history was the last five years," says Twycross.

The Newcastle branch of the Bank of Scotland provided the bulk of the finance for the purchase cost of just over £10m. Wordsworth and his partners threw in virtually all they had but the company still has enormous capital gearing.

Sales of at least £25m were projected for the first year in the three year business plan with flat sales but rising profits for the next two years and with some of the debt cleared.

Aveling's bankers, the company had been humiliated and broken. The 800,000 square feet of covered space housed less than 900 employees.

Potential asset strippers were sniffing around the site, which Aveling has on leases of up to 21 years at peppercorn rent, but the receivers wanted to sell it as a going concern.

Wordsworth is confident the new trucks and a more determined effort to expand exports (currently 40 per cent of sales with a target to raise it to 60 per cent), and to take the European market more seriously will compensate for the widely-expected market downturn.

The dump truck range has been slightly broadened and increased by 2 tonnes in carrying capacity with the introduction of a 55 tonner, achieved by some re-engineering, a larger cab, and dropping in a larger Cummins engine compared with the 50 tonner.

intention to double the output per man achieved by the old Aveling before its death.

The purchase was met with a lot of scepticism from the construction machinery industry, not least because the industry expects overall equipment demand to peak soon.

Some said the new company would fail. It has certainly had to do a lot of work persuading potential buyers that it means business - a lot of customers have toured the site since the acquisition.

But benefits of the new management are already appearing. Restrictive practices have disappeared. When the company went into liquidation there was even demarcation between welders on the thickness of plate they were allowed to work on.

Instead, the first models of Aveling's own six-wheel drive artic design - already prepared before the buy-in - have been assembled to replace it.

"We will take soon the strategic decision whether to build a larger rigid or a larger artic," says Wordsworth. Development of the artic will bring Aveling into confrontation with other very determined artic builders, like Volvo, Brown International with its Moxy range, DJB-Caterpillar and Terex.

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The new chairman developed a rather hard, no nonsense reputation at Coles. For some people it apparently verged on the authoritarian. "If you don't do what you are supposed to do now you had better watch out," says one of the shop floor hands at Aveling.



Duncan Wordsworth: "In no circumstances will I fail"

The four wheel drive Nordstrom artic is being abandoned. Instead, the first models of Aveling's own six-wheel drive artic design - already prepared before the buy-in - have been assembled to replace it.

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you are in danger of not knowing what's going on in the business," says John Fishwick, a shareholder and operations director at the new company and a former manager at Coles.

Five directors, for UK sales, exports, operations, finance and site management report directly to Wordsworth. Some of these directors have no managers under them. A meeting of all directors and managers - a group of about twelve - is held every morning in Wordsworth's office.

All members of the workforce, grouped into teams, are briefed by their section heads at 8 am on what arose during the management meeting the day before. Anything brought up at those briefings can be raised at the management meeting the following day.

The earthmoving equipment market has boomed in the past few years but growth is bound to slow soon. It will not be easy for Aveling. But at least the new company has a leadership workforce can relate to. That, at least, is a far cry from the absence of guidance which ultimately brought the former business to its knees.

Why computer-babble is counter-productive

Companies have been learning the hard way that their chances of successfully using information technology increase if they set business professionals to manage computing projects rather than their information systems staff.

New a Brussels-based consultancy, the OTR group, has come up with a persuasive explanation for this phenomenon.

Its analysis of 60 typical analysts and programmers from 12 different companies suggests that the problem is rooted in personality. Technologically trained information systems (IS) managers just do not display the characteristics necessary to jolly along a project team to a satisfactory conclusion.

The IS managers fail to understand what a business wants. They are also poor communicators, unable to sustain an effective dialogue either with senior management or their own staff.

It is a damning personality fault, says OTR. "There is very little that can be done to improve this. Although some may quibble, you cannot change personalities by training."

Everyone knows, of course, that computer staff speak a jargon of the most impenetrable kind, but OTR's analysis is more profound. It argues that IS staff are lacking in "influence" and "dominance"; "their very personalities are not those associated even with average communicators."

Its analysis of analysts and programmers revealed below average levels of influence and above average levels of steadiness. The same result emerged when IS managers were compared with business managers. OTR also found that most information technology specialists have poor knowledge of the business their company is in.

OTR suggests that the teams running applications designed to give their companies a competitive edge should be of mixed disciplines, thus providing an effective blend of personalities and skills.

OTR Group, rue du Commerce 124, 1010 Brussels, Belgium.

Alan Cane

the budget and after

B-Day. Tuesday March 14th is Nigel Lawson's day. For a couple of hours every MP, along with the country's economists, financiers and financial advisers will give him their undivided attention.

B+1. The FT's day: the day on which the budget itself as well as its short and long-term repercussions, is analysed and commented upon.

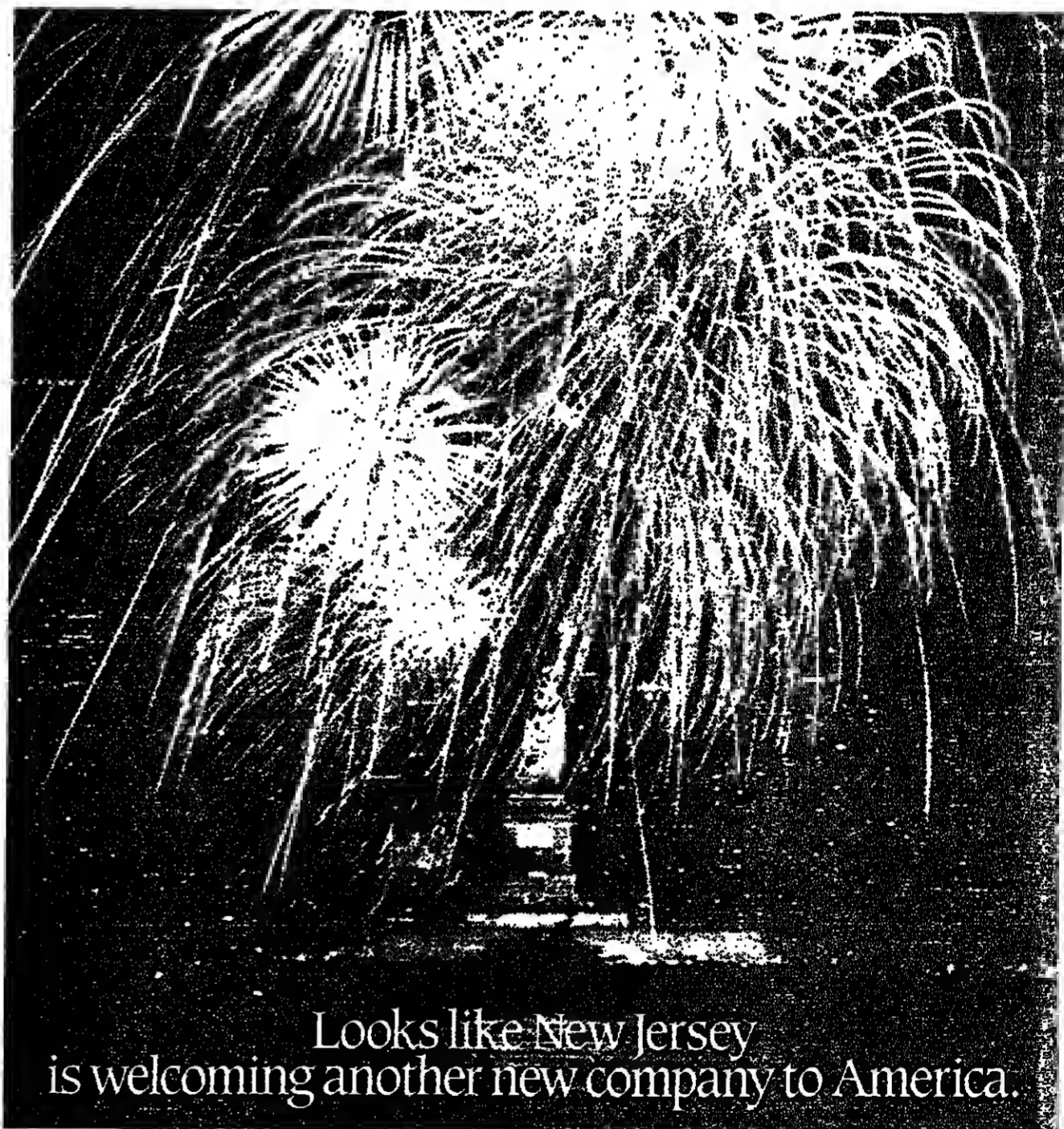
Every word the Chancellor spoke, the debate that followed, and the Treasury's facts, figures and forecasts are given in full. No other newspaper gives you this complete information. Nor can any other newspaper match the quality of the FT's comment.

B+2. Reaction day: the day the FT reports the country's reaction to the budget. And the FT's reaction to the country's reaction.

B+3. Appraisal day: The step back, the cooler look, the second and third thoughts.

B+4. The weekend: The digested facts. And the analytical articles which put them all in place.

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LEGAL COLUMN

Advertisers move in to market the profession

By David Churchill

SAATCHI & SAATCHI, the advertising agency which helped Mrs Thatcher to three election victories, is turning its attention to helping the Bar Council defeat the controversial proposals for reform of the British legal profession put forward last month by Lord Mackay, the Lord Chancellor.

Saatchi & Saatchi is working on an advertising campaign aimed at persuading both the profession and the Government that the proposed changes are unworkable.

Barristers are being asked to come up with the funds to pay for the campaign although it is unlikely that enough will be found - even if the Bar wanted to - to finance several television commercials during News at Ten (the best time, it seems, to hit decision-makers).

More likely, the agency and Bar Council - along with its public relations consultancy Profile Public Relations - will come up with a more restrained and closely targeted campaign aimed at MPs and others in authority to get the proposals changed.

The Bar's decision to turn to advertising and public relations specialists to get its message across reflects the growing importance of marketing in the legal profession in recent years, aided by the relaxation in the mid 1980s of the Law

The agency and Bar Council will come up with a campaign targeted at those in authority

"Marketing is not just about public relations and advertising," he says. "It is about pinpointing what existing and potential clients want so that a better service can be provided, he says."

He also sees his role in making the firm's partners and staff more aware of the need to be commercial and market-orientated in the increased competitive environment of the late 1980s.

Solicitors - like other professions which until recently managed to protect themselves from external competition - are being forced by deregulation to take marketing seriously.

Mr Ian Cooper, principal of Leeds-based marketing consultancy Ian Cooper Communications, points out that many solicitors "receive hundreds of enquiries for conveyancing every month but only about a fifth of these convert into new business."

He adds: "These solicitors may be wonderful but they just can't market; they must learn to present the benefits to their clients of doing business with them."

Mr Cooper is a recognised specialist marketing consultant under the Marketing Initiative Scheme set up last year by the Department of Trade and Industry.

This scheme offers financial support to companies and professional firms with fewer than 500 employees to employ a marketing consultant to help produce a marketing plan for the business. The DTI will pay half the cost of between five and 15 days' worth of consultant's time. In some areas of the country, the DTI will pay two-thirds.

Mr Cooper claims to be the first marketing specialist recognised under the scheme to concentrate solely on the legal profession. "We have already conducted substantial marketing audits for many firms of all sizes nationwide, and our listing means that

many legal practices will now be able to obtain a financial contribution towards our fees," he says. "It will also enable more solicitors to turn to specialists like ourselves who talk the same language as the profession."

Marketing audits such as those carried out by Mr Cooper involve examining every way in which a firm communicates with others. It has to do with the way the telephone is answered at reception, the way clients are treated on arrival, the ability of a firm to "cross-sell" its services to existing clients, and other factors ranging from staff motivation to working conditions.

Mr Robert Neville of the London firm of Kingsford Topman & Routh Stacey, says that a marketing audit carried out for his firm "really did concentrate our minds and give us the impetus to take the necessary action to improve the marketing of our services, especially the cross-selling of services between our various departments."

Another firm which used an audit was Cardiff-based solicitor Merrills Ede. Mr Emyr Pierce, a partner in the firm, says that "the audit enabled us to identify the main areas for improving our overall services to clients and gave us an independent view of the operation."

This, he adds, "avoided the inevitable bias which we would have when looking at it ourselves."

Many marketing plans often lead to a public relations strategy. A recent survey by The Lawyer magazine found that some 33 out of 43 top firms of solicitors surveyed employed a specialist public relations

Choosing a PR consultancy is something that often causes problems for firms of solicitors

agency. A further eight employed in-house specialists - while only two firms had no PR capability at all.

Choosing and using a specialist PR consultancy is something that often causes problems for firms of solicitors. The first difficulty is actually in finding the right consultancy.

An initial step for solicitors should be to contact the Public Relations Consultants Association (Premier House, 10, Greycoat Place, London, SW1, 01-222 8866) who can advise on which consultancies specialise in the legal profession but cannot make recommendations. The Institute of Directors also publishes a useful booklet,

Choosing and Using a Public Relations Consultancy.

The most often voiced complaint from solicitors, however, is that their PR consultants "do not really understand us - how we work, what we want to achieve, and so on."

Both solicitors and their consultants, therefore, may need to learn to get to know each other better if they are to take full advantage of the changes to come.

Clifford Chance, London's largest law firm, has reacted angrily to statements from the Bar Council which it believes is predicting the wholesale recruitment of barristers by City firms if the proposed changes in the profession take place.

Sir Max Williams, joint senior partner of Clifford Chance, has written to the Bar Council pointing out that "we have no plans for the wholesale recruitment of barristers for advocacy work and, to the extent that we did develop an 'in-house' advocacy capacity, we would seek to do so with the co-operation of the Bar and not in opposition to it."

Sir Max added that he expected the position of most, if not all, other large City firms to be broadly similar.

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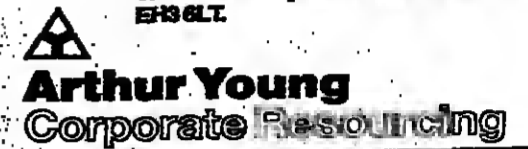
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All enquiries will be treated in strict confidence. Interested candidates are invited to write, enclosing full Curriculum Vitae, to Belinda Worlock at Spicers Executive Selection, 13 Bruton Street, London W1X 7AH, quoting Ref: LM091. Alternatively they may wish to telephone her on 01-480 7766, during office hours, for a confidential discussion.

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ARTS

Old relationships shaken and stirred

B.A. Young reviews regional theatre productions in Mold, Cheltenham and Leeds

Kingsley Amis has moved a step nearer the drama. The Old Devils at the Theatre Clwyd is presented as "the stage adaptation by Robin Hawdon of Kingsley Amis's novel..."

These Old Devils rely so entirely on the book that there would be no point in subtlety in the title or the archaic. The stage is a chessboard where Malcolm and Gwen, Charlie and Sophie, Peter and Muriel are moved from square to square as old relationships are stirred anew by the return of Alm and Rhianon.

Some detail and some characters are left out, but the basics are there. We just have the portrait without the frame. The only serious objection Mr Amis raised, I understand, was the use of soliloquy to add needed information not contained in the conversation, and this he conceded.

Alm Weaver (Philip Madoc, complets with the romantic snow-white hair, long absent from the south Wales canon, being a professional Welshman in England, is shown first in his television image in a projection onstage.

Then he comes from the station with his lovely and loving wife Rhianon (Meg Wynn Owen) and the mischievous When she was young, Rhianon had an affair with Peter (John Sharp, giving the right 18-stone impression), who made her pregnant and left her for another girl. She then became friendly with Malcolm (John Rowe) before ultimately marrying Alm and going to live with him in England.

There are other youthful liaisons to be recalled, and if possible re-enacted, but to describe the sequence of confrontations that makes up the atmosphere, that Amis has so skilfully built up, and Hawdon so cleverly rebuilt, would be no better than to describe a strip-cartoon by analysing each panel.

The action on the big Theatre Clwyd stage is more or less continuous for about three hours, moving from bar to house to restaurant with only a modicum of props on the crimson carpet. (Sean Cavanagh did the set design.)

The Amis talk is continuous too, funny, savage, pathetic as the need arises, and admirably spoken in the tongue of academic south Wales, though never in Welsh, except for laughs.



Julian Freeman and Polly Irvin by the swimming pool in 'Twelfth Night'

Wales is a joke to these Welshmen, and evidently to the Welsh in the crowded auditorium, not to mention the English foreigners who come so freely to this theatre, for there was laughter all the evening.

Philip Madoc's Alm sets the Welsh standard high, and there is some good playing around him. Malcolm retains his usual restraint when his wife Gwen (Ann Firbank) attacks him with her handbag. Charlie has a frightening heart attack, but survives it, whereas Alm's later illness is almost instantly fatal without complications.

The wives are a varied lot. Peter's hard-faced English wife Muriel (Sheila Burrell) decides to retreat to England, and so leaves the field free for Peter to renew his old affection for Rhianon, who has affection of her own to trade, in a moving scene.

The wedding celebrations of Peter's son William and Alm's daughter Rosemary, though the speeches are only suggested electronically, add one truly happy event to an evening's parade of sad mirth.

At the Everyman Theatre, Cheltenham director John Doyle has set Twelfth Night in the swimming-pool at Orsino's palace, or perhaps at Olivia's house. It doesn't really matter, everyone uses it. Shakespeare set it in Illyria, but insisted on a sea-coast.

Chris Crosswell has designed a very posh pool, with classic columns, surrounding it on three sides and a couple of fountains. People use the pool constantly; indeed, Olivia falls into it on her way to get married.

ried to Sebastian. Although the date is early January, everyone is pretty tanned.

The text is virtually untouched, apart from some practical cutting. (We are out in well under two-and-a-half hours.) There must have been a temptation to insert a modern word here and there to go with the modern costumes, but no, here are the galliard, ornate and cingulate where we might have had their current equals.

The text is in fact handled with the greatest respect, and never seems unmoored to the anachronistic looks of the speakers.

The music that so touches Orsino (Julian Freeman, young, bearded) is a blues on an offstage piano. When Viola (Polly Irvin) enters, it is along the side down the middle of the stage to reach the stage she must use the steps that stand there permanently.

She is wearing a loose frock, but soon changes that for shorts and a top that conceals enough, except when she wants to reveal her true sex. Her twin, Sebastian (Russell Pearce) is different enough for us to know them apart when the others don't.

Viola struck me as unemotional, perhaps meaning to sound boyish. Margo Gunn's Olivia, on the other hand, in her brief black dress, is notably girlish. I was impressed by the resilience of her hair after swimming. (Every one swims, even Malvolio, in a full-length bathing-suit.)

There is an outstandingly good Sir Toby from Gordon Reid, the playboy of the local Conservative Club in his flow-

ered shirt and white slacks. Andrew Alston's Aguecheek, too, is splendidly absurd. Maria, however, is only fair to say that they sing well together with Feste. Feste (Barry Killierby) I thought too young; the dialogue, and his choice of "Come away, death" as his party piece, show that he is old enough to be near the end of his contract. His singing of "When that I was," all five verses of it, at the end moved me uncommonly.

Stephen Earle's Malvolio reveals his love of respectability from the start, sitting in a deck-chair in dark grey and reading the Financial Times, when the others are in light summer kit.

To his yellow stockings he adds a kind of Highland dress that he contrives to make splendidly absurd. Maria, however, whom Liz Brailford makes younger and prettier than we usually see her, is frivolous at once, with her black mini-skirt.

Modern dress Shakespeare, as Martin Hoyle wrote here lately, may be a cliché, but can set off reverberations. Here, it emphasises, unambiguously how little the behaviour of the prosperous young has changed in the last 400 years.

There are two romantic tales at the core of The Shoemakers' Holiday, but the main theme is the comedy, now at the Leeds Playhouse, is the rise of master-shoemaker Simon Eyre to become Lord Mayor of London.

The romances concern the courtship of Lacy and Rose, daughter of the current Lord Mayor of London, Roger Orley, and the marriage of apprentice Ralph and Jane, interrupted when Ralph is sent to the French wars and comes home with one leg, to find his wife missing.

In the ever-present background, Eyre has made money, and been appointed Lord Mayor. He cannot fill this honour and run a trade as well, so he gives his firm to his former cronies. But you could make Trevor Laird's black Firik Lord Mayor and he would continue as an athletically comic as he is as apprentice.

The play dates from 1599, but it has a lot in it that, *mutatis mutandis*, suggest the City of our own time. Jude Kelly, the director (also the new Artistic Director of the Playhouse), has emphasised neither 1599 nor 1989.

The laughs will last another century or so long as the human race remains human; the energetic by-play and the costumes are about 90 per cent of our time. (The troops march off to France in battle-dress with old armoured helmets.) Incidental music is modern, mostly pop.

Dekker's verse, not the most elegant of his day, is not always recognisable as verse, but makes fine comic dialogue for an enthusiastically comic company.

Ainslie Foster's Rose need only be charmingly romantic, and so she is, but Guy Scumlebury has laughs to offer as a mock-Dutchman, and does it well. Robert Bowman's Ralph is genuinely pathetic, and amazingly active for a man with a wooden leg; his shop-keeping Jane (Sally Milles) will run their household for both of them.

Above all, of course, there is John Arthur's Simon Eyre, middle-aged (56, he tells us) with a great bush of hair at either temple and a great wealth of good-nature in his eye.

Linda Polan is his portly wife, sometimes addressed as Cleo Buntrinket.

Tim Reed has already provided generous, witty, elaborate scenery such as I never expected to see on this little stage. What will Jude Kelly be doing when she gets her new Leeds Playhouse next year?

Die Frau Ohne Schatten

NEW THEATRE, CARDIFF

This is the first revival of the 1981 Welsh National Opera production, now newly cast, and given once again in English (the right decision, even if Eric Crozier's translation exposes, when audible, some flatly prosy turns of phrase).

The opera has been a long time returning, presumably because Strauss' grandest and most formidably complex work requires a combination of time and (especially) money in the preparation that British regional companies find in somewhat short supply these days.

All praise to the WNO, as when first shown, an impressive show, an intelligently staged, bravely played and sung account of a piece that should properly pay too big for such treatment.

It really is too big for the New Theatre: the recently expanded pit may baffle Strauss' orchestra, but the auditorium doesn't contain it - in full flood, and particularly at the moment when the vision of the Emperor turned to stone is revealed, the torrents of blackly granitic brass verge on the punitive.

In last season's superb Salome, Charles Mackerras confirmed his mastery of bugle-orchestra Strauss in small houses; on Saturday he seemed not yet to have struck the proper (or at least the best available) balancing act between work scales and theatre size, in this massively more ambitious and less well-judged operatic structure.

Until the third act, when the WNO orchestra were at last able to purvey delicacy of timbre and texture, in the rousing evocations of trickling golden water beamed with light, there was too little variety of dynamics. It was exciting, without doubt, but



Anne Evans

cumulatively somewhat aches: one longed for some enlargement of the aural canvas.

This highlighted the perhaps unavoidable weakness of Delio's production, an extremely skilful reduction of a drama in faint outlines behind gauze on a moodily bare stage. The use of cloths, sheets, and veils to conjure up oriental theatrical magic has its limits of effectiveness: it is sensitive and thoughtful, but ultimately - and particularly in Act 3 - not quite enough.

This, I think, a work whose padded-out theatrical apparatus and vastly over-elaborated play of symbols need all the help they can get. Delio's fine-pointed concentration on the relationships is short measure.

Where the revival scores is in the casting of most of the principal roles, mainly from WNO members, or regulars: only Phillip Joll's Barak fails to meet fully the tremendous challenge (both the voice and the stage personality) lack the

necessary firm core of mature warmth).

Anne Evans, who in 1981 took the title role, now brings to Barak's wife the solidity of middle and low-register tone subsequently developed in the WNO Ring. Her "Barak, mein Mann" was a glorious, shining outpouring; in the early stages she needs to cut a sharper dramatic profile (particularly with her words) - an infusion of the caustic wit remembered from Pauline Tinsley's portrayal would not go amiss.

Jeffrey Lawton lavishes on the Emperor's two long arias the passion, vigour, commitment and clean diction that usually come hard to occupants of Strauss' heroic-tenor roles - not always seductive but winningly fearless.

The Empress of Christine Tardis' WNO soprano offered here her first big chance, justifies the company's confidence. The voice, of enormous potential, is not yet under perfect control, radiant and edgy by turns, but her willingness to give her all to the opera is also very winning.

Perhaps the happiest surprise is Gillian Knight's first nurse, gleaming with dark malice and authoritative (if not exactly comfortable) across the role's extraordinarily wide compass. (It's a pity the presence of so commanding a mezzo failed to persuade Sir Charles to beal some of the, as usual brutal, Act 3 cuts.)

Among the minor roles, all surely taken, Alastair Miles's Spirit of a Messenger is outstanding.

Die Frau is not by any means an opera that sings itself: many an international performance gets by on much smaller resources of Straussian vocal security than we heard and admired on Saturday.

Max Loppert

The Ghost Sonata

QUEEN ELIZABETH HALL

After the fuzzy occultism of Arlbert Reimann's opera based on Strindberg's phantasmagoric chamber play, this was a great relief to see the play itself. It is a strange piece, but not densely difficult, and David Freeman's production in the Opera Factory London Sinfonietta season is confident, affecting and quite brilliantly arranged in stage conditions not even remotely ideal.

Andrew Clements outlined on Wednesday the treatment of Strindberg by Reimann. I would add only that the opera is a confusing reduction of the play in spite of some beautiful musical passages.

As in his Lear, which I find unremittingly banal and tiresome, Reimann has nothing to add to his source, and is not bent on some creative

deconstruction. Freeman is liberated by returning to the text, not seen on the British professional stage for 60 years and here given in a new version by Gregory Motton, a gifted new stage voice with a good ear for the random babble of street encounters.

This serves the opening scene very well. The rest, not too far from Michael Meyer's translation, is just a little more oiled and vital.

Whereas the visitors and ghosts huddle in a reflective circular labyrinth in the opera, designer David Roger can explode these transparent walls to reveal different facets of the interior.

What starts as a casual encounter between an 80-year-old Hummel (Jerome Willis) and the heroic student Arkenholz (Adam Kotz), becomes a quest, a forced entry to a house of memory, recrimination and death.

The events are bizarre, but they have the driven coherence of Strindberg's fully expressed paranoid neuroses. This quality shines through the performance, which is sustained on all sides with skill and bravura.

Arkenholz is selected as Hummel's heir and medium. Hummel's lover, the Colonel's wife, is now a squawking, cupboard-bound parrot.

The tenuous delicacy of Christine Botes in the opera gives way to the vindictive, balletic swooping of Linda Marlowe in a built-up nose and grave grey face.

The Colonel (Richard Suart, stiffly comic having sung a less harshly regretful Hummel than Mr Willis) is exposed as a fraud. The knife is twisted by Hummel gaining his come-uppance.

This undermines the whole basis on which we have attended to this play. Having established an encounter between Arkenholz and the beautiful daughter (Caroline Bliss), further expectations of youth repairing the damage are scattered to the winds.

This last scene, intensely played with Miss Bliss curling up in a sex-in-death foetal position, is played with all the walls slammed down and the ghosts ranged elegantly on the perimeter.

The romantic mountain landscape consumes the dead girl, who takes her place in it like the girl disappearing in a rowing boat in Arnold Böcklin's "The Island of the Dead", the painting which Strindberg demanded and to which Freeman and Opera Factory, in a final flourish, have so wittily alluded. A superb revival.

Michael Coveney

More on Mappa Mundi

SALEROOM

February 24-March 2

Tomorrow should see the next development in the long running saga involving Hereford Cathedral and its wish to cash in the Mappa Mundi, one of the undoubted treasures of the nation. Behind-the-scenes negotiations have come up with a deal, put together by the National Heritage Fund, which establishes a Trust to look after the map, and the other valuables of the cathedral, in a separate building. The Trust is prepared to make a sizeable contribution to finance the scheme if other bodies, notably Hereford City Council, do their bit.

The Dean is still procrastinating, weighing up the smaller sum the Cathedral will receive, nearer £3m as against the rough £8m value of the map at auction. Sotheby's, which has played a dubious role as advisers to the Dean, should urge him towards acceptance of this compromise, which ends the Cathedral's financial problems and secures the future of an object of unique value and importance.

It is time the Mappa Mundi row was cleared up because defenders of the national heritage seem likely to have more fights on their hands in the near future. Last week the reviewing Committee on the Export of Works of Art is believed to have delayed a licence to take Lawrence's first portrait of Priny, dressed as the victor of Waterloo, out of the country. It sold at Sotheby's last November for £600,000, and British galleries will now have a few months in

which to raise a matching bid, plus any dealer's mark up. A Gainsborough portrait of Mrs Drummond, which made a record £1.65m at the same sale, is also believed to be under an export ban.

But the Reviewing Committee surprisingly gave the go ahead for the dealer Spinks to sell to the continent the Treasury silver ink stand made by Paul de Lamerie in the 1720s and used by our longest serving Prime Minister, Sir Robert Walpole. It, too, fetched a record price, of £770,000, at Christie's in December. The feeling was that the nation already holds enough silver linked to Walpole; still, it will be an undoubted loss.

In the 20th century one field of artistic endeavour in which the UK leads the world is ceramics, and Bonhams sale of contemporary pots tonight should play to a packed saleroom and attract high prices. As well as work by all the great names - Coper, Rice, Leach - some ceramics have been included by young potters, and priced between £50 and £300.

Last October Christie's South Kensington sold a single 17th century shoe for £14,300. Not surprisingly this opened the floodgates and tomorrow it offers a collection of 60 pairs of shoes dating from the 18th century to the 1920s. The top estimate is £1,800 for a pair of mule slippers of around 1780, but most lots should go for less than £500.

Antony Thorncroft

The Train to Happiness

LYRIC THEATRE, HAMMERSMITH

The Russians visiting the Lyric, Hammersmith, had a lesson in free choice and market values on their opening night, when the performance was delayed for 15 minutes until some of the audience, exercising their choice to congest and pollute London's streets to immobility, managed to trickle in.

Success in the Vakhtangov Theatre's Peace of Bresť reviewed in these pages last week, Arday Khyte's "scenes from Jewish life" make up a loosely-connected series of sketches.

The first half of the evening consists of re-visiting themes, shaggy-dog stories, anecdotes, even a music-hall monologue on Jewish husbands, delivered much as British comics talk about mothers-in-law.

Throughout the evening cheery dances are executed while songs can be in Russian or accented English, either sung or mimed.

For much of the time, aware of the difficulties and dangers that Jewish culture has battled against, one appreciates the fact that the show is done at all; never mind the quality, feel the survival.

The first part ends with a touch of stringency worth all the preceding items combined. A son writes to his distant mother telling her not to worry about the recent pogrom - it was only a pogrom.

A neighbour was thrown from his attic window and left for dead, but he survived. Of course his bones were broken, but he had tricked them. Sister

Esther was stripped and dragged off to the barn, but she is what you might call well-laughed all day and plays with pebbles like a child, but will get better. Above all, mother is not to cry. It's a feast day.

The second half gives us the revolution of modern life. The Revolution, educated working-class girls who nevertheless bar a rabbi's son from college, a helpful American asking about the five-year plan, optimistic references to Hitler.

Post-war relief is darkened by mention of Bab'Yar, Stalinism brings scapegoats for life's austerities including the identification of Jewish doctors as "killers in white coats."

And the bright modern

world of Glasnost blouses and sceptical young people ends with a song and dance routine that wryly accepts the inerraticity of anti-semitism.

Alexander Levenbuk's production sets the uncertain advance of this particular aspect of civilisation on and around an open truck, sometimes wheeled forwards, to symbolise the train of "history and destiny" common to all races.

The 16 performers sing, dance and act with a will, if the sketches sometimes plod and the satire seems gentle, we can still appreciate the breakthrough that such a production signifies for such a people at such a time.

Martin Hoyle

Sylvie Guillem to join Royal Ballet

Sylvie Guillem is to join the Royal Ballet for an initial period of three years. She joins as principal guest artist, which will enable her to retain her links with the Paris Opera Ballet.

She was the youngest guest artist ever engaged by the Royal Ballet when, aged 22 in January last year, she danced Giselle at Covent Garden with Rudolf Nureyev.

She returned in December that year to dance in Balanchine's Apollo and Gsovsky's Grand Pas Classique, partnered by Royal Ballet principal Jonathan Cope.

The artist joined the Paris Opera Ballet from their school in 1981 and was promoted to the rank of première danseuse in December 1984, aged 19.

ARTS GUIDE

BUYING OUT? The question may never arise. But then again circumstances change and you may have to face this decision in the future. The Investors Chronicle Management Buy-Out Survey on April 14th will give you the who, how and why of MBOs. We will also explain the potential of Buy-ins, Mezzanine Financing and European Networks. For enquiries about advertising and requests for the editorial synopsis, please contact Alan Cunningham. INVESTORS CHRONICLE GREYSTOKE PLACE, FETTER LANE, LONDON EC4A 1ND TELEPHONE: 01-405 6969

MUSIC London BBC Symphony Orchestra, conducted by Alexander Lazarev with Vladimir Orlovskov (piano). Bachmannov, Tchaikovsky, Brahms Hall (Thu) (688 8851). Paris Orchestre Colonne conducted by Philippe Entremont, Martin Hessebock (organ), Mozart, Poulenc, Saint-Saëns. (Mon) Theatre Des Champs Elysees (47203877). Royal Philharmonic Orchestra, conducted by Charles Dutoit, Gwyneth Jones, (soprano), Thomas Hampson, (baritone), Mahler (Mon) Châtelet (40828222). Enrique Nazareno, piano. Stravinsky, Tchaikovsky, Scriabin, Rachmaninov, Naumoff. (Wed) Theatre des Champs Elysees (47203877). Orchestre National de France conducted by R. Barshai, J.P. Rampal, flute, Mozart, Shostakovich (Thu) Theatre des Champs Elysees. (47203877). Vienna Hagen Quartet, Haydn, Berg, Schmitt, Konczertana. (Mon), Beethoven Trio Wien, Dvorak, New York Ebenholz, Mozart, Ravel, Konczertana. (Mon), The Australian Radio and Television Orchestra, conducted by Gunther Neuhold, Wolfenz, Eroed, Schubert, Webern, Berg, Konczertana. (Tue), Wiener Bachakademie, conducted by Ernst Wotawa, Schubert, Mozart, Liszt, Brahms, Lincoln Center Avery Fisher Hall (Tue) (874 6770). Anthony De Mare piano recital, Douglas Young, Frederick Rzewski, Conlon Nanarcrow, Yves Aaron Karas, Meredith Monk, James Sellars, Kaufmann Hall (Tue) (427 6000). New York Philharmonic conducted by Kurt Masur with Elisabeth Leonskaja (piano), Mozart, Liszt, Brahms, Lincoln Center Avery Fisher Hall (Tue) (874 6770). Washington National Symphony Orchestra conducted by Sir Neville Martinson, Elmar Oliveira (violin) and the Oratorio Society of Washington directed by Robert Shafer, Walton, Tippett. Kennedy Center Concert Hall (Thu) (284 3776). Chicago Chicago Symphony Orchestra conducted by Christopher Keene, Haydn, Schreker, Cowell, Milhand, Orchestra Hall (Thu) (483 8666). Tokyo Gunter Hogner (horn), Mozart, Beethoven, Brahms, Tokyo Bunka Kaikan, Recital Hall (Mon) (289 9829). Group Takahashi, Japanese bamboo flute concert. Compositions by Yamamoto Hozan, Ichigaya Luther Centre (Mon) (289 8821).

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Waiting for Mr Baker

PRESIDENT BUSH and his Secretary of State, Mr James Baker, have reacted defensively to suggestions that, by failing to get to grips quickly with developments in the Middle East, they have allowed the Soviet Union to seize the initiative in that region. They are certainly right not to let themselves be bullied into announcing any spectacular initiative for the sake of "keeping up with the Joneses." But they would also do better to avoid being provoked into comments which seem to belittle a Soviet policy that has in recent years been remarkably constructive.

Particularly uncalled for was Mr Baker's suggestion last Thursday that the Soviet Union should change its approach to the region by, for example, using its influence with Syria. It is nearly two years since Mr Gorbachev told the Syrian President publicly and to his face, at a banquet in Moscow, that "betting on military power to settle the conflict has become completely discredited," that he was "saddened by disunity, factions and conflicts in the Arab world," and that he welcomed efforts to restore the unity of the Palestine Liberation Organisation.

Soviet encouragement

Since then the PLO has not only been encouraged but, in strong Soviet encouragement, has come out clearly for peaceful coexistence between Israel and a Palestinian state, explicitly recognising Israel's right to exist and condemning terrorism, and thereby fulfilling the requirements set by the US for a "substantive dialogue." Syria has not been overjoyed by these developments, but has so far been less able, or willing, to interfere with them than most people would have predicted. In recent weeks it has even softened its hitherto implacable hostility to Egyptian participation in pan-Arab activities. No doubt a number of events have conspired to persuade the President Hafiz Assad that this is a time for trimming his sails to the wind, but the knowledge that he could not expect Soviet support if he took a rejectionist line must surely have been important.

Even within the last fort-

night Mr Edvard Shevardnadze was trying to use his visit to Damascus to bring about a formal reconciliation between Mr Assad and Mr Yassir Arafat. In that he did not succeed, as Mr Baker should know, for superpowers to "influence" their Middle Eastern clients is not an easy matter. But if either of them can be accused of failing to try at present, it is surely the US.

Absolute refusal

Never has it been clearer than now that the obstacle blocking any further progress in the "peace process" is Israel's absolute refusal to talk the PLO whether inside or outside the framework of an international conference; and never has it been clearer that in talking this line the Israeli Government is out of tune with much of public opinion in the US and even in Israel itself. The Soviet Union has done much to help line up the Arab world and the PLO behind a constructive and reasonable negotiating position.

The time must be coming when the US President should explain to the world, and more especially to the American and Israeli peoples, that he cannot be held responsible for the consequences if Israel persists in refusing any dialogue with the body which the Palestinians now unanimously designate as their representative, and which has now clearly stated its willingness - indeed, its eagerness - to make peace.

Before he became Secretary of State, Mr Baker was said to believe the Middle East was an area of major concern to US foreign policy, and one in which a new administration must take the initiative at the beginning of its term. One month into that term, and more than three months after Mr Baker was designated, the senior post dealing with the area in the State Department has not even been filled. Mr Baker's anxiety to gain firsthand knowledge of the leading personalities in the region before he makes a move is understandable. But he must realise that the present relatively hopeful political climate in the region is an opportunity which, if not exploited, is unlikely to last.

A new charter for banking

FEW INDUSTRIES have undergone changes as far-reaching or as rapid as those which have transformed retail banking in the UK in the 1980s. Electronic technology has made possible the provision of banking and money transmission services on a scale previously unthinkable.

The changes have transformed the relationship between the banks and their customers. Twice as many cash withdrawals are now made by automatic teller machines as by cheque. Since 1980 the number of credit cards held by the population has trebled to just under 30m.

Until now there has been little attempt at providing an overall regulatory framework for retail banking in the electronic age and ensuring that the rights of consumers are fully defined and protected.

Last week the committee headed by Professor Robert Jack, which has been studying these issues for the last two years, published its report. Its proposals are detailed and ambitious, calling for three new statutes, including a new law on banking services, and a total of 48 changes in the law.

The proposals include diminishing the use of cheques and their replacement by bank payment orders, tightening the banks' obligation of confidentiality to their customers, greater safeguards against fraud, as well as legislation on electronic funds transfer and trading on computer screens.

Parliamentary time

This is clearly an opportunity to create an up-to-date legislative framework for banking services in Britain which no other country has yet done. However the volume of legislation suggested would make such demands on the time of parliament that the Government is likely to be selective in taking up the Jack proposals. It has asked banks and consumer bodies to submit their views by April and will make its eventual response to the report in the light of them.

Confronted by the wide variety of issues covered in the report, the Government needs to identify its priorities carefully. At the top of the list is the maintenance of a banking system in which bank-cus-

tomers relations are soundly based.

Despite the enhanced rights which the report proposes to give to the consumer, the banks have few reasons for unhappiness with the main thrust of its proposals; they would curb fraud and lead to an equitable allocation of loss between banks and customers when customers' actions or negligence are a contributory factor.

Current account costs

By proposing an end to the banks' obligation to return all cheques to the branch which issued them, the Jack Report holds out the prospect that the banks may be able to reduce the heavy cost of running current accounts, albeit at a slightly increased risk of signature fraud.

Consumers should welcome the proposals to protect their rights where plastic cards and electronic funds transfer are concerned. At present this area is largely unregulated except by the Consumer Credit Act.

The Jack Report would limit liability for card misuse to £50 and prevent the sending of unauthorised cards and personal identification numbers or the issuing of cards with multiple functions which a customer does not want.

Sensibly, the committee decided that a rigid legal framework for the plastic cards industry might stifle innovation in an area where technology is changing almost by the day. It has instead opted for a piecemeal approach to identifiable problems already affecting consumers.

One of the most urgent areas for new legislation is the whole field of new trading instruments which have been developed since 1982 when the Bills of Exchange Act was passed, in particular screen based transfers which are recorded only in electronic form, and not on paper.

Professor Jack and his colleagues have identified a wide range of possible areas for reform with singular thoroughness. Though banking services generally work well in the UK, their fairness and efficiency, as well as their international competitiveness, will be enhanced if many of these proposals are adopted.

Quentin Peel opens a series on next month's elections in the Soviet Union

Mikhail Gorbachev, the Soviet leader, calls it a "school of democracy" and admits that the lessons will take a long time to learn. Others call it "democratisation," putting the emphasis on the process rather than the end result.

The most cynical translation of the present Soviet "election" was given this month in the Estonian rural newspaper, Maaleht; its true meaning, the author said, was simply "voting."

Whatever label you give it, the first Soviet attempt to offer anything approximating a choice of candidates for its national legislature is entering the last lap. In just under four weeks - on Easter Sunday - it is polling day for perestroika. It is proving an extraordinary learning process and it is difficult to say who is most confused: electors, candidates, organisers, or outside observers.

For a start, it cannot be compared with a Western election. The fact that the Communist Party is the sole legal party precludes that. Opinion polls on which way the political tide is running would be meaningless.

Political platforms have been published by candidates and by organisations like the Communist Party and its loyal trade unions; they remain bland commitments to good causes, not alternative strategies for development. The only exception seems to be that of Dr Andrei Sakharov, and he may well not be a candidate if the Academy of Sciences fails to nominate him. Everyone is enthusiastically committed to perestroika, at least officially.

President Gorbachev said 10 days ago that a multi-party system would be "rubbish" in the Soviet Union, although his expletive might have been better translated as "meaningless." He and his colleagues have bent over backwards not to be seen to ape any Western model.

"It is obvious that in our system of self-taught democracy, we will make some mistakes," the party newspaper, Pravda, declared disarming last week. That is an understatement. The election laws are ambiguous, the procedures are wide open to abuse and the voting system is decidedly illogical. There is a real possibility that many constituency elections on March 26 will fail to produce a winner with the required absolute majority. The legal drafting was done in a hurry last autumn and the penalties are becoming apparent.

The increasingly outspoken Soviet press has reported many instances of local authorities seeking to control the end result, by limiting the nomination of candidates, refusing to sanction election meetings, or simply packing the meetings with party faithful.

"The experience of the present election campaign has shown that the statute of the law on elections on meetings... needs to be elaborated, particularly as regards procedures for local authorities seeking to control the end result, by limiting the nomination of candidates, refusing to sanction election meetings, or simply packing the meetings with party faithful."

In spite of such criticism, the whole process is remarkable for the Soviet Union. Granted the confusion, and obvious attempts to fix the results in favour of loyal party people, something "approaching" a democratic debate has been taking place in its own right.

"Of course some shortcomings have been noted," Mr Gorbachev admitted last week in Kiev where a particularly large proportion of the party leadership is standing unopposed. But he insisted: "It is already clear that we are not dealing with a merely formal procedure, but with genuine elections of people's representatives to the highest organs of power. This is an enormous step forward in comparison with the methods of previous years. The aim is to elect 2,250 people's



Polling day for perestroika

deputies to the Congress of Deputies, a new super-parliament set up by the constitutional reforms approved last November. They in turn will elect from their number a 544-strong standing legislature, a bicameral Supreme Soviet, which is supposed to sit for three or four months, twice a year.

The key body will be the Supreme Soviet, hitherto no more than a rubber stamp for the decisions of the two-day sessions a year to approve all legislation by acclamation. Henceforth, it is supposed to have real debates, propose real amendments, and exercise a controlling influence on the power of the party leadership.

Mr Gorbachev insists that his reforms are intended to give back meaning to the Leninist slogan "All power to the Soviets." But the party will obviously remain the paramount influence; more than 80 per cent of the candidates first nominated were party members.

There are three slates of deputies in the new Congress: 750 will come from territorial constituencies with equal numbers of electors, 750 from national-territorial seats divided equally between the 15 republics regardless of population and 750 from a variety of public organisations, such as trade unions, the Academy of Sciences, the Soviet Peace Committee, and the like.

Already it is clear that the least democratically selected have come from the public organisations. They have made an initial selection and only 880 candidates have been nominated and registered for the 750 seats. The final selection will take place over the next four weeks at plenary meetings of the organisations, but the lack of choice has caused furious

rows.

It all began when the Central Committee of the Communist Party nominated exactly 100 names for the 100 seats it was allocated - and showed the way for all the rest. The Komsomol - the Communist Youth League - publicly apologised for submitting more names than it would have seats.

As for the Academy of Sciences, it only put up 23 names for 25 seats, and failed to put forward any of the most popular supporters of perestroika, such as Dr Andrei Sakharov, Academician Roald Sagdeyev, Academician Tatyana Zaslavskaya, and Academician Abel Aganbegyan. More than 2,000 scientists demonstrated in the streets of Moscow and now they are lobbying to deny the candidates enough votes to be confirmed at the Academy's plenum next month.

The same picture of confusion and conflict has emerged from many parts of the country over the campaigns for constituency candidates.

On the one hand, in the Ukraine, most of the top party leaders have found themselves the Soviet equivalent of "rotten boroughs" to represent unopposed, well away from the capital Kiev, where the only real contests look like taking place.

Protests and demonstrations have been reported from Yaroslavl, where environmentalists claimed their candidature had been excluded because of a rigged vote count. In Moscow, Mr Vitaly Korotich, the outspoken editor of Ogonyok magazine, walked out of his selection meeting in fury when the chairman refused to agree to put forward all 11 names which had been nominated.

On the other hand, many of the selection meetings, at which nomi-

nated candidates have to get 50 per cent support to get on the ballot paper, have produced unpredictable results. In the Lenin district of Moscow, for example, the obvious party candidate - director of a large defence factory - was voted down, as was the poet, Yevgeny Yevtushenko: the former was questioned on his social contribution, the latter on his love life. In the event two strong reformist candidates were the only ones chosen from a list of 11.

Another extraordinary debate took place at the Red October Palace of Culture in Zelinograd, outside the capital. For almost 12 hours the selected voters argued over a list of five names. Five times they sacked the chairman of the meeting, until finally they persuaded a sixth to allow all five to go forward on to the ballot paper. The only common thread through the meetings seems to have been their unpredictability.

The one area where the elections look anything like the multi-party Western variety is in the Baltic republic of Lithuania, where the Communist Party leadership is being challenged by candidates openly sponsored by Sajudis, the nationalist movement founded last November.

Mr Algirdas Brazauskas, the republic's party leader, faces the strongest challenge of all from Mr Arvydas Juozaitis, a philosophy lecturer who is one of the most outspoken young leaders of Sajudis. The rivalry has resulted in a sharp deterioration in relations between Sajudis and the Communist Party, once working in tandem, with accusations that Sajudis is increasingly harbouring "extremists." However Mr Juozaitis says he may yet pull out of the election, for

fear of precipitating a political crisis if he were to defeat the party leader.

In neighbouring Latvia, the party leader, Mr Jan Vigeris, is also facing a clear alternative of Latvian independence on the same slate.

As for Estonia, the most rebellious of the three Baltic republics, there seems to be far less enthusiasm about the coming campaign. "People are simply not very excited about electing people for the Moscow Supreme Soviet," says Tarmu Tammer, editor of the English-language newspaper Homeland.

The chief general criticism of the system so far has been levelled at the stage just completed: the series of district election meetings summoned to vet the lists of candidates wherever there were more than two. In Estonia, the government simply decided not to hold any; all nominated candidates were automatically registered.

Half the members of the public attending these meetings were selected by the district election commission, and the other half by the candidates themselves, giving a great opportunity for the local bureaucracy to pack the meetings with supporters. The number of genuinely independent candidates slipping through the system is likely to be small.

Indeed, even at the nominating stage, the proportion of Communist Party members was actually higher, and the proportion of ordinary workers and peasants lower, than under the old quota system.

The district meetings are likely to have whittled the total list down from 7,531 candidates nominated - an average of five for each of the 1,500 constituencies - to perhaps no more than 3,000. Final figures are yet to be published.

Candidates have organised campaign staffs and set up their headquarters. They enjoy free travel in their constituencies and immunity from any prosecution for the duration of the campaign. Already the election commission has ordered that no candidate may use his own finances for his campaign, to ensure strict fair-

ness. "We cannot do as the bourgeois do," says Viktor Nechayev, representative of the chief political department of the Soviet Army and Navy. "Where will the funds go? Maybe to bribe voters?"

The costs to the state are likely to be considerable. In Leningrad, the entire cost of the last, uncontested elections in 1984 was Rubles 100,000 (\$28,610). This time, Leningrad city council reckons it could cost that much in each of the 15 city constituencies. The learning process comes expensive.

The final results only have to be published 10 days after the poll: another reason why sceptics believe it may still be possible to rig it. Yet few observers expect a really startling outcome now: a respectable minority of real reformers will get elected. Several key figures are in the central committee's "golden 100" list.

So far, few candidates seem very enthusiastic about the prospect of becoming the sort of full-time politicians a standing parliament would require - except for the party officials. They are likely to end up dominating the future Supreme Soviet.

On the other hand, it is the process of the election, rather than the result, which probably matters most at this stage of political reform. "Even where the good man loses, it will have an effect," according to one Western political observer. "People will end up in the Supreme Soviet knowing they will have to go through the whole process again next time. They will have to answer for their behaviour in a way they never had to before."

Further articles by FT correspondents on the elections will appear during the run-up to polling.

Owen stays alone

The trouble with David Owen is that he has a streak of arrogance that he will never quite abandon. It stems at least partly from his having been made Foreign Secretary when he was too young.

Owen was 37 when he took over at the Foreign Office from the late Tony Crosland. The Labour Government was in trouble domestically and Owen was torn internally. But Owen had been raised several steps above his contemporaries and there was plenty for him to do on the international scene. That made the return to the humdrum life of opposition politics all the harder to take.

One doubts if he has got used to it even yet. It is not that he does not work hard; he does. It is just that he has a tendency to feel himself head and shoulders above most of those around him. Remember that he was chosen for the job by Lord Jenkins, the leader of the Social Democratic Party very shortly after it was formed: many of the subsequent troubles of the party arose from the way its original leaders fell out among themselves - more or less, Owen versus the rest.

After the 1987 general election Owen could have prevented the break-up of the Alliance or could probably have had the leadership of a new merged party. He chose to stand apart. It was not that he particularly disliked David Steel, the leader of the Liberals; the two men just had different temperaments and Owen was not prepared to live with fudge.

When Owen talks of Neil Kinnock, the Labour leader, he tends to point his finger towards his head and say: "He hasn't got it here." No doubt he would say the same about Paddy Ashdown, the leader of the SLD. And in both cases he would be right. Neither Kinnock nor Ashdown has Owen's

intellectual grasp.

Owen keeps a check list of what Kinnock, in particular, has to do before Owen will give his approval. It includes accepting British nuclear defence forces and proportional representation. Possibly Kinnock will come round even on those scores. Yet the chances of Owen joining a party of which he is not leader, or of trimming enough to become leader of a wider grouping, seem to me utterly remote.

Not worth it

The Treasury will be glad to know that the Foreign and Commonwealth Office has been catching up with its accounts. The FCO has sent us a bill for tele calls made by our Africa Editor during the Foreign Secretary's trip to Mozambique in July 1988. The bill is for 3547.16 meticais at 60.241 to the £ and comes out at 58.88. "I apologise," writes the lady at the Foreign Office, "for the lengthy delay in requesting payment, but it has taken some time to obtain the bill and identify responsibility for the calls." At least her letter is marked "unclassified."

Careless banks

Readers often write to us - for which many thanks - about misprints in other papers. There was one in a national newspaper the other day advertising an art show: "From Freud to Money," and Official Airlines Guides are currently claiming credit for what they call their "constant accuracy."

The reason why we seldom draw attention to them is that we make too many of our own

OBSERVER



to draw any pleasure from other people's. Indeed quite a lot of Observer's correspondence is about misprints in the FT, sometimes even in this space.

But there is one subject which readers have been writing to us about recently which suggests a general irritation. It is the habit of banks to get their customers wrong. One reader writes that although his wife has been banking with the Midland since 1975, she has just been made a Griffin Saver - a special category for children - and will receive the Midland Number One magazine on her 11th birthday.

Another reader has passed on to us a £500 index-linked National Savings Certificate. He says that he opened it by mistake because it was in an envelope firmly glued to another that was addressed to him, and wants us to take up the business of excessive glue with National Savings.

In the light of these complaints, and many more like them, I was surprised last

week when Professor Robert Jack, the chairman of the committee on the reform of banking practice, said that he had found that British banks were rather popular. All one can say is that there is a remarkably high level of tolerance.

Irish prize

Roy Foster, the historian who received accolades from all over the place for his recent book, Modern Ireland 1600-1972, has not won the Christopher Ewart-Biggs Memorial Prize. The reason is very simple: he is chairman of the panel of judges, and therefore ineligible.

The prize is given in honour of the British Ambassador to Ireland who was killed by the IRA. Ewart-Biggs's widow, Jane, lives on very actively as Labour spokesman in the House of Lords.

This year the prize money has been doubled to £4,000. It goes to any writer whose work has promoted peace in Ireland, the strengthening of links between Ireland and the UK, or closer co-operation between the partners of the European Community.

Two journalists have been shortlisted for their Irish reporting: Mary Holland of the Irish Times and The Observer, and David McKitterick of The Independent. Also shortlisted are Thomas Flanagan for Tenants of Time, Brian Friel for Making History, and Tom Paulin for Fivemiletown. Michael Foot will present the award on March 6.

Meanwhile, the 40-year-old Foster has been given a personal Chair in modern British history at Birkbeck College, London.

Translations

Here are some useful guides: "Oul, en principe," in French means "no." "Medium dry" on a bottle of wine means "sweet" and "Bruno does us proud" means "Bruno lasted nearly five rounds."

Ramar Textiles plc

INTERIM STATEMENT

UNAUDITED RESULTS FOR THE HALF YEAR ENDED 25th NOVEMBER 1988

£000	Half Year to 25.11.88	Half Year to 27.11.87	Year to 27.5.88
Sales	13,768	9,163	20,023
Profit/(Loss) Before Taxation	426	(375)	14
Taxation Charge/(Credit)	157	(131)	(21)
Profit/(Loss) Attributable to Shareholders	269	(244)	35
Earnings/(Loss) Per 5p Share Basic	2.12p	(1.97p)	0.24p

The figures for the year to 27th May 1988 are abridged from the full accounts of the Group which carried an unqualified audit report.

Profits before taxation for the six months to 25th November 1988 from garment manufacturer and distributor, Ramar Textiles plc, have increased to £426,000 compared with a loss of £375,000 for the comparable period. The comparable period's result was affected by the aftermath of the fire at one of the group's warehouses in November 1986. Turnover was up by 50.2% from £9.2m to £13.8m.

In December, the Company's founder, Michael Radin retired as Chairman and Joint Managing Director and agreed to become Life President. He was succeeded by his son Colin who has initiated a restructuring programme, identifying important market areas requiring particular design and marketing skills. The reorganisation will maximise the effectiveness of the group's existing resources.

Commenting on the results, the new Chairman Colin Radin said "significant progress was made during the first six months, with record levels of sales and all our operating divisions reported satisfactory progress."

"We continue to pursue our insurance claim in respect of consequential losses associated with the warehouse fire which we suffered. We hope that discussions now taking place will lead to a satisfactory conclusion in the fairly near future."

"Sales are expected to expand in the second half as is traditional in our business. Orders from our customers in the High Street are good and demand for our product continues to improve in all areas."

Colin Radin, Chairman/Managing Director

Stefan Wagstyl reports on Japanese retailing, increasingly the focus of trade disputes

LOMBARD

The case against fiscal activism

By Samuel Brittan

WHY SHOULD not the Thatcher Government reduce taxes in a recession to stimulate spending and increase taxes in a boom to curb expenditure, irrespective of whether the public sector is already running a large surplus or not? This, after all, is what many of us were brought up to believe.

We might observe in passing that the symmetry is often a false one. For the would-be activist fiscal regulators usually advocate increased public spending in a recession and a higher tax burden in a boom - advice which would lead to an ever-increasing role for government.

Let us, however, forget the sub-text and take the fiscal activists at their face value. Notice, too, that I am calling them fiscal activists. They do not have to be fine-tuners in the sense of advocating precise and frequent adjustments. The main point is that they want to use discretionary fiscal policy to manage demand without being constrained by whether or not the Budget is balanced either now or over the cycle as a whole.

We need to rehearse what is wrong with the arguments for fiscal activism. No single one of the objections which follow is conclusive. But they are interrelated and mutually reinforcing and together amount to a compelling case against fiscal activism. No apology is made for putting the arguments in terms of risks and possibilities rather than rival dogmatism.

The first and oldest criticism is that because of lack of knowledge and political and administrative delays, the eventual effect is often destabilising - the opposite of what is intended. For instance, if Nigel Lawson were to raise the tax burden in this late stage of the cycle, by the time his measures had their full effect, he would more than likely be aggravating a downturn rather than moderating a boom. This would be overkill with a vengeance.

By contrast monetary policy can be changed more quickly



A shopping street in Tokyo: Japan has more shopkeepers than the US, where there are twice as many people

Elusive key to Japan's closed shop

Mr Noriko Hashimoto's corner shop, with its paraffin stove and wooden shutters, is an unlikely site for a trade war. But it is increasingly probable that the next trade battle between Japan and the West will be fought over the goods Mrs Hashimoto has on her shelves.

Following the publication this month of yet another record Japanese monthly trade surplus, Western trade negotiators are casting around for new sticks with which to beat the Japanese. Top of their list is Japan's multi-layered retail distribution system - often condemned in the West as an impenetrable maze perfect for keeping imports out of the

West, much lower than the levels in other industrialised countries. Western trade negotiators argue that the existence of so many small shops in Japan is a trade barrier - on the grounds that it is easier for an importer to sell to a single large customer than dozens of small ones. Japanese laws, they point out, protect small shops by severely limiting the opening of large stores, including supermarkets.

"We have reached the point where the barriers are no longer outside Japan but inside the Japanese system itself. We must target specific areas of the distribution system," says one Western diplomat in Tokyo. On the face of it, there should be plenty of scope. Japan has more shopkeepers than the US, where there are twice as many people. Small stores, employing less than five people, account for 57 per cent of retail sales, against 3 per cent in the US and 5 per cent in the UK, according to Daiel, a leading supermarket company.

These shopkeepers are served by so many wholesalers that, on average, goods have to pass through twice as many hands before they reach the customer as they do in the US. Japanese consumers are becoming aware of the cost of this system because, as they travel abroad, they see for themselves that retail prices in Japan are about 50 per cent higher than in the US.

Unfortunately he is unlikely to move fast enough to placate foreign critics. Geography limits the Government's freedom of action. There is little room in Japan's crowded cities for big stores or for roads wide enough for big delivery lorries. Japanese consumers like the convenience of local shops where they can buy food as often as three times a day.

Small shops are the life and soul of local communities. More importantly, after the farmers, shopkeepers are Japan's most entrenched conservative lobby with supporters in the ranks of the ruling Liberal Democratic Party. Together with their families they account for some 20m votes, most of them cast for the LDP. Especially in urban areas, where it is weakest, the LDP relies on retailers to canvass support at election time.

Mr Hiroshi Mitamura, chairman of the National Shopkeepers Promotion Association, says: "The big stores stiff the politicians with money but we have the power of 20m votes." Because of this, small shopkeepers are protected by laws which allow them to hold up the opening of big stores for 10 years or more. Mr Isao Nakachi, chairman of Daiel, says that to open a new supermarket the company has to submit 75 applications for 26 permits under 12 different laws.

LETTERS

Shackled by CGT

From Mr J. Charles Maisey. Sir, Your leader "Freedom for UK Savers" (February 22) seeks a laudable objective: a more level playing field in respect of the treatment of different forms of savings. However, in advocating the enhancement of PEPs (personal equity plans) and converting them to FIPs (personal investment plans), an opportunity is being lost.

The big attraction of private residential investment and pension fund investment is the fact that capital gains enjoy exemption from taxation. This privilege has long attached to British Government Securities (bonds), and in recent years has been extended to other UK fixed income stocks.

But the entrepreneurial or enterprise spirit - that is, equity investment - still labours under Capital Gains Tax (CGT), despite indexation for inflation (which has really only recognised the "civil servant" aspect of the tax). The Business Expansion Scheme (BES) recognises this; it exempts gains in investments held for a qualifying period.

What is not more desirable to abolish a tax, rather than create yet another formal savings route which, in some respects, merely institutionalises savings yet again? Abolishing CGT for individuals would immediately level the playing field between residential property investment, pensions, BES, gilts and PEPs, and would immediately discourage the export of capital and the creation of offshore trusts.

Charles Maisey, PO Box 21, Regis House, 43-45 King William Street, ECA.

The compensation conundrum

From Mr Henry Wilcomb. Sir, A.H. Hermann points out (February 23) that the Citizens' Compensation Bill, to be debated in the Commons this week, tackles only one aspect of many problems encountered when seeking compensation.

This is true. Action is also needed to give greater access to justice; to increase, through specialisation, the standard of advice received; to cut the delays in the system; and to make it easy to prove negligence. We believe that in dealing with the low levels of compensation we can remedy one of these problems and bring

Working for women at work

From Mr John Edmonds. Sir, John Gapper's claim (February 20) that most trade unions have not come to terms with changing in the working population does not apply to the General, Municipal, Bolders-makers and Allied Trades Union.

In the early 1980s we identified the accelerating shift of employment into the service sector, and adjusted our policy. We developed a programme which not only includes implementation of our

Australia deals with its economy

From Mr Dick Howard. Sir, I read Mr Peter Frankel's letter (February 22) on Australia's economic position with interest, but found his analysis and recommendations somewhat bizarre.

A simpler explanation for Australia's plight is that the economy has just been growing too fast. Deregulation, particularly in the financial sector, and an over-reliance of monetary policy after the crash, both contributed to a boom in construction and business investment. Interestingly, retail sales have hardly risen at all in real terms over the past 12 months.

The correct response for an economy which is growing too fast is to tighten economic policy. This the authorities have done. 90-day bank bills have risen from 10.5 per cent in March 1988 to just below 17 per cent now. The budget surplus in 1987-88 was A\$2.2bn; we expect it to be A\$6.5bn in 1988-89. Real wages have fallen in three of the past four years. It is true that Australia's

much needed attention to an issue long neglected. In one respect, however, the article is incorrect. The Compensation Advisory Board, which would lay down guidelines for the courts to use in relation to compensation levels, would not be composed mainly of lawyers. We have aimed to achieve a balance of interests. Two would be medically qualified, two more would represent the legal profession, and four would be appointed from organisations which deal with injured and disabled people. There are also three spare

places for, say, social workers or industrial safety experts. The board would be chaired by an English or Scottish judge. We hope thus to achieve a compromise between a judge sitting alone and the uncertainties which would arise if juries were reintroduced into personal injury trials. We see it as a simple, effective reform, allowing an element of public opinion into the process without depriving judges of their discretion to decide a case. Henry Wilcomb, Citizens' Action Compensation Campaign, 3 Endsleigh Street, WC1

abolition of wages councils on the grounds that "most workers in the wages council trades are part timers, many of them contractees which would arise if juries were reintroduced into personal injury trials. We see it as a simple, effective reform, allowing an element of public opinion into the process without depriving judges of their discretion to decide a case. Henry Wilcomb, Citizens' Action Compensation Campaign, 3 Endsleigh Street, WC1

Government ministers may blather on about equal opportunities, but the real work is being done by trade unions like the GMB. John Edmonds, General Secretary, GMB, Thorne House, Buxley Ridge, Clingate, Esher, Surrey.

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INSIDE
A bumpy ride for computer groups

Warnings last week of a profits plunge at IBS, the British personal computer distributor, have underlined the shake-out taking place in a sector which is youthful, fast-moving and unpredictable. Changes in the European market place before 1992, turbulence among manufacturers, and frequent shifts in policy by IBM, the largest supplier, means that the industry is rewriting its rules as it goes. Page 25

Widows and orphans beware
High-coupon Australian dollar bonds have traditionally been the staple diet of Continental European retail investors. But while many find the coupons irresistible, there are plenty who may be put off by the structure of the deals. As one official comments: "These are not bonds for widows and orphans." Page 22

The loneliness of the long-distance shopper
Try and buy a pair of shoes in Britain and you can be left sitting in your socks for ages. Shops in the UK have a reputation for treating customers shoddily, Maggie Urry argues in the Business Column that they appear to be staffed mainly by people who know nothing about the products they are selling. But retailers are now beginning to realise that they have been losing sales through poor service. Page 36

British Steel - a key to takeover deadlock
A complex takeover dispute between Klockner-Werke, the West German steel and capital goods group, and APV, the aggressive UK food-processing machinery group, could be resolved in APV's favour by the intervention of another UK company - British Steel. David Goodhart reports on the possibility of a break in the corporate stalemate. Page 23

Market Statistics

Bank lending rates	3%	Money market	3%
European bond yields	2.5%	FTSE 100	2,210
FTSE 100	2,210	US 10-year bond yield	7.5%
Foreign exchanges	32	US 30-day bill yield	7.5%
London recent issues	32	UK 10-year bond yield	10.5%
London share services	39-91	World stock mkt indices	35
Traditional options	21		

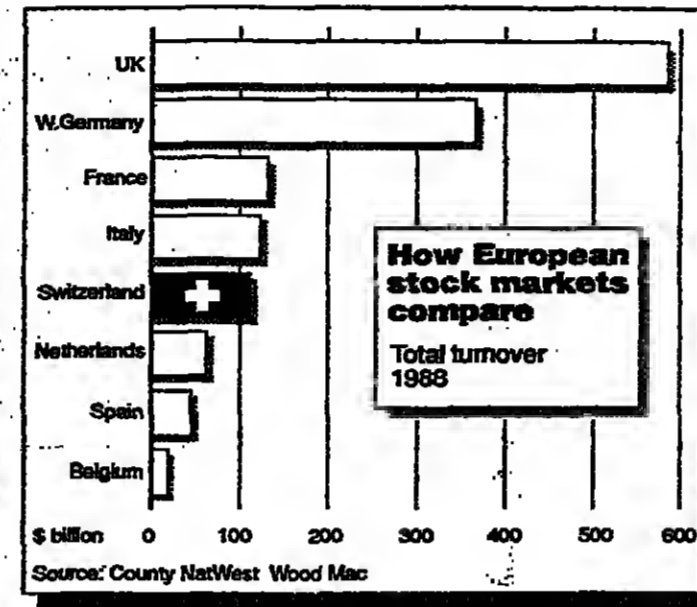
Companies in this section

APV	23	Koor Industries	23
Abbey National	23	Mitsubishi	23
Abey of Roma	23	Mitsubishi Finance	23
Berlifford Int'l	25	Noranda	23
Canada Trust	23	Placer Dome	23
Elec Holdings	25	SEN	23
Gold Fields	25	Toronto Dominion Bk.	23
Klockner-Werke	23	Unilever	23

Widening convulsions from the Nestlé bomb

William Dullforce in Geneva reports on moves to reform the equities market in Switzerland

THE BOMB that Nestlé dropped on the Swiss stock market on November 17, when it announced the opening of its registered shares to foreigners, is still sending shock waves through the Swiss financial establishment.



Evidence of the continuing convulsions came from three sources last week. Mr Daniel Regolatti, the senior vice president responsible for Nestlé's finance, highlighted the current deficiencies of the stock exchange, when spelling out the reasons for the foods group's decision.

Mr Markus Lusser, the increasingly outspoken president of the Swiss National Bank, warned that in the context of the current merger and takeover wave, Swiss corporate practices had to change if Switzerland wanted to avoid retreating from the European Community.

Swiss bankers, talking to foreign journalists at a briefing organised by their Bankers' Association, emphasised their opposition to discrimination against foreigners on the Swiss equities market. In all three cases the message was clear: Swiss companies cannot continue to operate globally and bid for foreign concerns while clothing themselves in bid-proof armour and maintaining inefficient stock exchanges at home.

Geigy and Sandoz, the two big chemical groups. The rumour was enhanced by Ciba-Geigy's announcement that it proposed to raise its 1988 dividend by 32 per cent.

Whether or not Ciba-Geigy is planning changes to its share categories, the unusually steep increase in its dividend payment would seem to signal the kind of change in Swiss corporate philosophy which has been widely advocated since Nestlé's move.

Essentially, the change would be to recognise that a high share price offers a more acceptable defence against takeover and a better instrument for raising new capital than the current practice of restricting the ownership of registered stock, accumulating hidden reserves, paying miserly dividends and compensating shareholders with attractively priced rights issues.

Adding up the costs of political evasion

Anthony Harris in Washington



THERE'S a touch of Keystone Cops here," said a Washington insider, indulgently, in the first few days; but the joke is wearing painfully thin.

Mr William Seldman at the Federal Deposit Insurance Corporation wants to give the supervisors sharp teeth, with the power to raise insurance premiums at will-run thrifts, and shut them down at six months' notice if that fails. The Administration has avoided all these alternatives.

President George Bush is coming back to Washington to take charge again of an administration which is in an astonishing mess, less than half-way into the legendary first 100 days when the tone is meant to be set.

This is a sad omen for the budget process. A new administration deserves time to study new policies; but when the policies which do emerge dodge the issues, real doubts are in order.

Mr James Baker, Secretary of State, came back empty-handed from his Nato tour, and the normally diplomatic officials of the State Department are complaining about his management style to every journalist willing to listen. Meanwhile, his public squabble with Mr Boyden Gray, ethics supreme, over his bank shareholding, has seriously dented his prestige and gossips are talking about a power struggle.

Wishful thinking suggests a third alternative: the Fed manages to check inflation without reducing growth at all - although the trick has never been done before, and the Fed believes that pressure caused by growth is the cause of the inflation.

know what happens when the markets reach such a verdict: it happened in October 1987.

In purely economic terms, one can still paint a more optimistic picture. Inflation could prove no more than a hump, since the producer price index shows a picture rather like a boa constrictor swallowing a goat. The hump which was apparent in mid-1988 at the raw material stage has now subsided and moved on to intermediate goods prices. It could reach final output and disappear.

The fuss about wages must seem to any UK observer overdone; the present 4 per cent trend represents only about a 3 per cent rise in unit costs and is consistent with lower inflation.

Equally, the trade deficit could start to improve again as the rush of capital goods imports to feed the 1988 investment boom abates. Capital goods account for more than 30 per cent of total imports, so the impact could be large.

While falling investment is certainly the least desirable way to cool the economy and help the trade balance, it is the political rather than the economic prospect which is potentially alarming. The Administration faces a whole range of tough choices on issues far more important than the thrift bail-out, but shows no ability at this stage to make those choices.

ECONOMICS NOTEBOOK

Fair weather friends in Frankfurt

LAST WEEK'S extremely cordial meeting in Frankfurt between Prime Minister Margaret Thatcher of the UK and Bundesbank president, marked an alliance but not an identity of views on European matters.

As in all good alliances, there are elements of self and mutual deception as well as mutual interest in the Thatcher-Thatcher relationship, especially concerning progress towards economic and monetary union (EMU) in the European Community.

While Mr Pöhl praised Mrs Thatcher's Bruges speech of last year for its warnings against excessive bureaucracy, centralisation and regulation, in Europe, he stuck to his view that Britain should join the exchange rate mechanism (ERM) of the European Monetary System (EMS).

Although extremely sceptical about early progress towards EMU, the Bundesbank president does not rule out agreement on a European central bank or common European currency at some point in the distant future.

As a first step in building the EMS into an economic and monetary union, he suggested that all Community countries should subscribe to the same membership rules of the monetary system. That would mean Italy narrowing the wide band of fluctuation currently allowed in the Lire as well as Britain joining the ERM.

No one of the more striking points in a lecture by Professor Douglas McWilliams of the Confederation of British Industry last week was the assertion that the financial pressures imposed on managers by the City of London are a good thing.

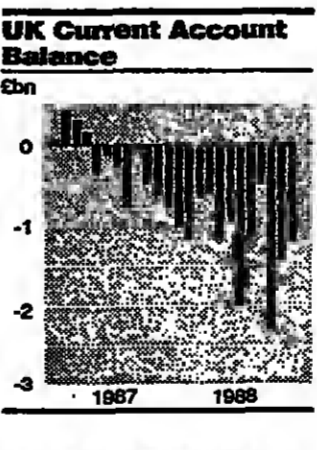
For the moment, however, Britain's fierce opposition to economic and monetary union is working to Mr Pöhl's advantage. Some of his officials worry that his fulsome praise of Mrs Thatcher could make her more likely to appear too reactionary to supporters of monetary union in West Germany and elsewhere. Mr Pöhl knows, however, that as long as Britain is prepared to veto the treaty changes needed to bring about EMU, he does not have to worry about compromising the Bundesbank's duty to keep inflation in West Germany under control.

With these two steps complete, the EC would be a system of fixed exchange rates tied to the D-Mark. Once this proxy for a monetary union was well established, political leaders in the Community could, if they wished, call it into being. It would have the institutional trappings of EMU such as a European central bank.

Mr Pöhl does not have Mrs Thatcher's hang-up about loss of sovereignty. Arguably, a European central bank would be no bad thing for him, provided it were as autonomous and powerful as the Bundesbank.

THIS WEEK

THE SIZE of Britain's current account deficit will take centre stage in financial markets on Wednesday with the publication of trade figures for January.



Most City of London analysts believe that high interest rates, engineered by Mr Nigel Lawson, the Chancellor, are slowing the economy. But without an improvement in the outlook for trade, fears that base rates may have to rise again could intensify.

More important, the plan evades the hard choices about the industry. Mr Greenspan would like to let it wither away, by encouraging the thrifts turn into banks. Congress would like to re-regulate it, and forbid the risky investments which caused the disaster.

West German import prices for January, expected today, are expected to show a sharp increase on December.

Interest in Japan will focus mainly on the balance of payments figures for January, due on Friday. The customs cleared trade figures for January have already indicated an another embarrassing increase in Japan's surplus.

February 27, 1989

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INTERNATIONAL CAPITAL MARKETS

EUROCREDS

An unusual high flier for Algeria

WHILE SYNDICATED lending to corporate and sovereign borrowers appears to have slid into mid-winter lethargy, aircraft financing is flying high. Of the various deals around, perhaps the most unusual is one valued at \$250m for Air Algérie, for which the mandate has been awarded to Citicorp. Unlike most other governments, the Algerians will not allow the aircraft - in this case several Boeing 767s - to be mortgaged to the lenders against repayment. Thus, the loan has had to be structured as 12-year asset financing without the asset.

Fortunately, the US Export-Import Bank has stepped into the breach and is providing 62% per cent of the financing directly at its consensus rate for aircraft loans of 8.9 per cent. The Exim Bank has also agreed to guarantee the difference up to 85 per cent of the financing. The remainder of the loan will not be to Air Algérie but to Banque Extérieure d'Algérie, the Government's arm for foreign borrowings, and will be classified as direct country risk. And because of Algeria's somewhat unusual stance on recourse to the aircraft, lenders will not be able to seek repossession or political risk insurance for their loans. But even without the security of the assets, bankers noted that the mandate was quite closely contested by a number of banks, all of which are eager to carve out a reputation as a leading provider of aircraft finance.

EUROMARKET TURNOVER (\$m)

Primary Market	Straight	Conv	FRN	Other
US\$	11,554.0	0.0	1,371.9	11,424.0
Yen	2,223.8	0.2	7.0	11,540.0
Other	5,621.9	33.9	71.1	2,425.9
Prev	4,410.3	126.7	701.5	4,133.5

Secondary Market	US\$	Yen	FRN	Other
US\$	20,766.3	1,115.1	5,016.0	6,648.0
Yen	12,980.6	990.6	3,382.4	5,277.4
Other	18,726.7	1,297.9	3,076.4	27,017.7
Prev	18,793.9	1,465.2	4,463.9	21,904.6

US\$	Yen	FRN	Total
12,650.6	45,633.8	58,284.4	5,277.4
1,145.8	27,061.8	36,747.4	5,277.4
25,220.5	22,743.1	58,284.4	5,277.4
25,048.9	21,033.1	56,062.0	

Week to February 23, 1989

Source: ABID

INTERNATIONAL BONDS

Counting the cost of high coupon Australian \$ deals

COUPONS in the Australian dollar sector of the Eurobond market keep reaching record levels. Last week saw two one-year issues with 20 per cent coupons, and a third, a \$450m deal for Banque Générale du Luxembourg (BGL), with the current high of 20 1/2 per cent. Not surprisingly, demand for all these bonds was good, heavy enough in the case of a Kreditbank issue brought by Credit Suisse First Boston for it to be increased from \$450m to \$580m. Syndicate managers are forecasting that if the Australian dollar drops back to recent levels, there will be a rush of similar issues.

High-coupon Australian dollar bonds have traditionally been the staple diet of continental European retail investors. If many find the coupons irresistible, however, there are plenty who should be put off by the structure of the deals. On redemption, the principal can be paid either in Australian or US dollars at the option of the borrower. The foreign exchange rate is pegged at around US\$0.80 per Australian dollar. Essentially, the investor

writes a type of currency call option to the borrower and is compensated by the higher coupon. Eurobond houses are sharply divided as to whether investors understand the implications of this option. One official commented: "These are not bonds for widows and orphans. Investors seduced by the coupon should be aware that they could be badly stung if the Australian dollar rises against the US currency."

Others felt that relatively few small investors would end up owning the bonds, claiming that the large retail outlets exist to protect their clients from undue risk. Several houses have done calculations showing the possible effects of different currency movements on the bonds. The BGL issue, lead managed by Bankers Trust International, provides a useful example. The figures below were not provided by Bankers Trust and were based on Friday's market conditions. The BGL bonds were launched at 10 1/2 with a 20 1/2 per cent coupon. End investors could buy the paper at around

100%, giving them a nominal offer yield of 19.25 per cent. An investor could buy a straight Australian dollar Eurobond, where one-year paper currently yields around 16.90 per cent. On a crude yield basis, then, the option costs the borrower 2.45 percentage points. Put another way, the investor receives 2.45 percentage points in yield as payment for the foreign exchange risk on the call option written to the borrower.

Working forward, if the bonds are redeemed in Australian dollars, each \$1,000 bond will pay \$1,202.50. If the redemption currency is US dollars, investors will receive \$982. At current exchange rates for the Australian dollar of around US\$0.82, if the BGL bonds are redeemed in US dollars, the net yield in Australian dollar terms falls to 15.59 per cent.

In other words, if the Australian dollar remains at current levels, or rises further, the currency option has a dramatic effect on the bond's redemption value. The more the Australian dollar appreciates against the US dollar, the lower the redemption yield of the bonds in Australian dollar terms.

In that case, investors would do better if they bought one-year straight A\$-denominated bonds and took the near-17 per cent yields currently available. In the opposite case, where the Australian dollar falls below US\$0.80 to, say US\$0.75, then investors are "in the money," receiving the full 19.65 per cent yield. As one official points out, however, all the above calculations assume that investors are paying for the bonds with Australian dollars and are happy to receive their principal in that currency. "What do you do if you're a German investor paying in D-Mark?" asked one Eurobond official.

Continental investors have to take a further level of currency risk into account. They not only have to have a firm view on where the Australian dollar will be in a year's time, they also have to consider their local currency risk. "Suddenly you see why these coupons are so high," said a bond salesman. "You need very nimble foreign exchange capability to be sure of protecting yourself from the redemption option."

A further point made by the manager of one of last week's deals is that only investors intending to hold the bonds to maturity should buy the paper. "The bet is on the currency and you will not see secondary market prices which make it economical to sell these bonds before maturity." For the issuing houses, the high-coupon deals offer a pricing challenge. They have to attach a value to the currency option, because this is usually split from the bonds and traded as a separate commodity by the borrower. Where the issue is swap-related, the borrower sells the option to the market and uses the proceeds to subsidise the swap. The timing of the deals is thus dependent on several variables, from the currency, to option prices to swap rates. The particular currencies involved in the deals also exacerbate the difficulty for the issuer. The Australian dollar is a very volatile currency, capable of dramatic falls

and sharp rises. To price the redemption option, houses essentially calculate the odds of a particular movement in the relationship between the two currencies. Other houses use their own volatility assumptions to check the option pricing before deciding whether to buy the bonds. The Australian dollar sector is additionally complicated by a heavy volume of interest payments and principal redemptions due in March. Researches at ANZ McCaughey estimate that up to \$500m of interest and principal will be paid in March, making the sector vulnerable to investors choosing whether to reinvest in the currency. Coupon payments tend to be treated by investors as current income and are less likely to be reinvested than the principal payments. It is possible, however, that many investors have booked their funds elsewhere by selling their currency exposure in the forward markets. If they do prove reluctant to reinvest, it will be bad news for the sector.

Andrew Freeman


NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %	Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Other yield %
US DOLLARS															
US America Inc.♦	200	1996	7	10	101 1/2	Morgan Stanley Int.	9.645	Goto Steel♦♦	70	1993	-	(1/2)	100	SEC	-
Yasuda Trust & Fin.HK♦	120	1999	10	10 1/2	101 1/2	10,184	10,184	KYC Machine Ind.♦♦	50	1994	-	(1/2)	100	SEC	-
Ford Motor Credit♦	200	1992	3	10	101 1/2	10,184	10,184	Ceska Diamond Ind.♦♦	30	1994	-	(1/2)	100	Credit Suisse	-
DKB Asia Ltd.♦	125	1999	10	10.4	101.5	10,080	10,080	Fuji Teiko Co.♦♦	20	1993	-	(1/2)	100	B. della Svizzera Ital	-
Nissho Iwai Corp.♦	400	1993	4	(4 1/2)	100	Nomura Int.	-	Corus BV♦♦	100	1994	-	4 1/2	100	S.G. Warburg Societe	4,250
Nissho Iwai Corp.(e)♦	400	1996	4	(4 1/2)	100	Nikko Secs. (Europe)	-	* Lapine Co.♦♦	35	1993	-	(1/2)	100	S.G. Warburg Societe	-
Esai Co.♦	300	1993	4	(4 1/2)	100	Nomura Int.	-	* Shiebo Co.♦♦	35	1993	-	(1/2)	100	Sanca del Gotardo	-
Atsugi Motor Parts♦	100	1993	4	(4 1/2)	100	Daiwa Europe	-	* ECU	-	-	-	-	-	Swiss Volksbank	-
Mitsui Bk Luxembourg♦	50	1999	10	10 1/2	102	Mitsui Finance Int.	10.172	EIB♦	100	1996	7	8 1/2	101 1/2	San Paolo Bank	8.551
Sloppbank♦	50	1989	10	10 1/2	102	Nomura Int.	10.172	Kreditbank Int.Fin♦	60	1994	5	0	60 1/2	Kreditbank Int.	7.527
Royal Bk Scotland♦	250	2004	15	10 1/2	99 1/2	Merrill Lynch	10.225	STERLING	-	-	-	-	-	-	-
CANADIAN DOLLARS															
Ontario Hydro♦	500	1999	10	10 1/2	101 1/2	Merrill Lynch Canada	10.604	Abbey National B.Sec.♦	100	1996	9 1/2	10 1/2	101 1/2	S.G. Warburg Secs.	10.378
AUSTRALIAN DOLLARS															
Kreditbank Int.Fin♦	80	1990	1	20	101 1/2	CSFB	17.938	Hammerston Property♦	100	2013	24 1/2	10 1/2	96.888	Kleinwort Benson	10.751
Svenska Handelsbanken♦	50	1991	2	18 1/2	101 1/2	Hambros Bank	15.418	EIB♦	125	2009	20 1/2	9 1/2	97 1/2	BZW	9.734
Postipankki♦	50	1990	1	20	101 1/2	Bankers Trust Int.	18.081	FRENCH FRANCS							
Bqe Generale du Lux♦	50	1990	1	20 1/2	101 1/2	Bankers Trust Int.	18.327	Rhone Poulenc Comm.Fin♦	500	1994	5	9 1/2	100 1/2	Credit Agricole	9.057
D-MARKS															
Fuji Bank (Luxembourg)♦	100	1996	7	6 1/2	101	Commerzbank	6.319	LUXEMBOURG FRANCS							
EIB♦	300	1999	10	6 1/2	100	Triksaus & Burkhart	6.500	Svenska Handelsbank♦♦	300	1994	5	7 1/2	100 1/2	BIL	7.563
Eurofin♦♦	125	1992	3	6 1/2	100	BHF-Bank	6.290	YEN							
Mitsubishi Nederland♦♦	80	1996	7	8 1/2	101 1/2	Bk of Tokyo(Germany)	6.533	Marubeni Int.Fin.♦	300	1993	4	5	101 1/2	Yamaichi Int.(Eur)	4.531
Primary Int.Bk. A'ralia♦	75	1992	3	6 1/2	101 1/2	Commerzbank	6.034	New Sth Wales Treas(c)♦	300	1994	5	5	101.25	Nomura Secs.	4.743
Nordic Investment Bank♦	500	1989	10	8 1/2	101 1/2	Salomon Brothers	6.489	Giroz.Bk Gest.Spar.(j)♦	5 1/2 bn	1993	4	5 1/2	101 1/2	Bankers Trust Int.	6.037
Finance for Danish Ind♦	100	1994	5	6 1/2	101 1/2	Deutsche GZ-D.Komm.	6.301	Salle Mae♦	50	1989	5	5 1/2	101.25	Daiwa Secs.	4.885
SWISS FRANCS															
Carter Holt Harvey♦	(n)	1994	-	5 1/2	100	S.G. Warburg Societe	5.808	Bulgarian F.Trade Bick♦♦	100	1999	8 1/2	5 1/2	100	Nikko Secs.	5.824
Takada Kiko Co.(j)♦♦	40	1994	-	5 1/2	100	SEC	0.500	Ind. Dev.Bank Turkey♦♦	100	1997	6	8	100	Nikko Secs.	6.690
Chukyo TV B'casting♦♦	20	1994	-	5 1/2	100 1/2	Handelsbank NordWest	5.317	Bank of Montreal(j)♦	50	1993	4	6 1/2	101 1/2	Nippon Credit Int.	5.660
Nikkatsu Corp.♦♦	40	1994	-	5 1/2	100 1/2	SEC	5.325	<small>*Not yet placed. ♦Private placement. ♦With equity warrants. ♦Convertible. ♦Floating rate notes. ♦Final terms, all issue amounts depends on success of exchange offers. Redemption at 102 1/2, if not converted, to yield 10.25%. (j) Put yield 10.25%. (j) Put yield under sub-registration. (j) Issue General Bond, under sub-registration. (j) Redemption at borrower's option to repay in A\$ or US\$. (j) Floating with issue launched in November. (j) Warrant can be exercised into shares of Sec.Co. in Belgium at \$25.000 per share. (j) Redemption linked to Nikko stock index. (j) Launched on US domestic market. Note: Yields are calculated on ABID basis.</small>							

Norma Cohen

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New Issue February 1989



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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Abbey plans to redeem £500m Eurobond

By Andrew Freeman
ABBEY NATIONAL, the UK building society which is currently seeking approval from its members to become a public limited company, intends to exercise its right to redeem a floating-rate Eurobond before its final maturity in 1991. The £500m notes will be called at par on June 21, subject to the society's members approving the conversion process at a general meeting on April 11. The society is also arranging for two other floating-rate issues, due in 1988 and 2000, to be modified so that their terms and conditions clearly allow the conversion to company status. Bond holders will be given an option to require redemption of the notes at par at specified dates after conversion. Mr Gareth Jones, treasurer, said the exercise of the call option would allow considerable saving in borrowing costs. Abbey National has been a frequent borrower on the Euro-markets this year and has achieved funds at a cost below London interbank offered rates. Royal Bank of Scotland has announced the launch of a US\$250m bond issued in US capital markets. The deal marks the first time RBS has tapped the US market. The 15-year bonds come with a 10 1/4 per cent coupon and were issued by lead manager Merrill Lynch Capital Markets via a specially-created vehicle, REBG Capital Corporation. The proceeds will be used to finance the recent acquisition of Citizens Financial Group.

Krupp chief named

Fried. Krupp, the West German steel and engineering group, has named Mr Gerhard Cromme to replace Mr Wilhelm Scheider as managing board chairman on March 1, writes *Our Financial Staff*. Mr Cromme is currently managing board chairman of the Krupp Stahl steel unit. Separately, Krupp said it was in talks with Mannesmann, the engineering group, over possible co-operation in industrial plant construction.

Shake-up in Spanish bank stakes

By Peter Bruce in Madrid

A RAPID and potentially bitter reallocation of important shareholdings in two of Spain's biggest commercial banks, Banco Central and Banco Espanol de Credito (Banco), is likely to start today following the collapse on Friday night of ambitious plans to merge the two banks. Some 5 per cent of Banco is held by a further 6 per cent of Banco Central. In the face of unrelenting hostility to the merger, Mr Mario Conde and Mr Alfonso Escamez, the chairman of Banco and Central respectively, agreed on Friday to bring the nine-month long merger process to an end. Their decision had the support of the Bank of Spain, the country's central bank. The merger would have created Spain's biggest bank with assets of \$50bn. But it was fiercely opposed by Cartera Central, a joint venture between the Kuwait Investment Office (KIO) and two Spanish cousins, Mr Alberto Cortina and Mr Alberto Alcocer. Cartera would have been the biggest shareholder in the merged bank, but as part of the agreement to end the merger,

its to put its holding of around 2 per cent in Banco to the market. Just over 3 per cent of Banco, belonging to Mr Juan Abelló, Mr Conde's estranged business partner who resigned as Banco's vice-president on Thursday, is also up for sale. The Bank of Spain is opposed to Banco buying the stock directly because Banco has been forced during the past few months to buy large amounts of its own equity to keep its share price equal to Banco Central, as required by the merger agreement. According to reports in Madrid yesterday, Mr Conde will try to buy the stock and distribute it initially to Banco employees and friendly clients, who would then be free to trade it on the market. Shares in both Banco Central and Banco were suspended on Friday and it was not clear later yesterday when trading would resume. Under the merger agreement, both banks had held their share prices equal since October and Banco shares could fall once they are quoted again. Both were trading at Ptas4,750 (\$114) when the market closed on Thursday.

Banco Central's shareholdings, meanwhile, have been controlled by a decision by the KIO to sell its 48.5 per cent share in Cartera Central, its joint venture with the Albertos, who have a small controlling majority. KIO's participation in Spanish banking has always been controversial, though the Government has restrained its irritation because of the large and welcome industrial investment the group has made in Spain since 1968. But the boardroom infighting at Banco and the Albertos' overt attempt to stop a merger which the government had encouraged has made the Kuwaitis distinctly uneasy. The last straw appears to have been the recent intense publicity and lurid magazine pictures surrounding the adulterous affair between Mr Alberto Cortina and the Marquesa de Cubas. KIO is run nominally from London, but observers suggest that the sensitivity inside Muslim Kuwait to such a public scandal cannot be underestimated. Last week officials close to KIO in Spain were scathing in

their criticism of the way the Albertos have handled the partnership in Cartera Central, accusing them of running the joint venture as their own and of failing to consult KIO on important policy. Cartera Central holds just under 13 per cent of Banco Central and there have even been suggestions that the Kuwaitis might try to sell their share of this, or about 6 per cent, directly to the bank to spite the cousins. But this would be difficult, as both sides agreed when they formed Cartera Central at the end of 1987 that neither could sell its holding without the others' agreement for five years. The Albertos, who manage a construction company, Conycon, owned by their wives (who are sisters) have indicated that they would be prepared to buy KIO out and run what is the biggest shareholding in Banco Central on their own. KIO and the Albertos are likely to meet this week to discuss the transfer of KIO's \$400m holding in Cartera Central.

Creditors locked in talks to save Co op

By Haig Simonian in Frankfurt

THE 120 creditor banks of Co op, the troubled West German food retailer now majority owned by four international banks, were yesterday locked in a second round of urgent negotiations to save the highly-indebted company. Meanwhile, it emerged that Co op would have to declare bankruptcy if agreement were not reached this week according to reports, a leaked study by the Treuhand agency group showed that Co op's accounts had a "deficit" of DM436m (\$330m). If further unspecified "open risks" were included, the figure would rise to almost DM1.18bn. German corporate law requires a company to take remedial action within three weeks of becoming aware of such a position or else declare itself bankrupt. The accountant's report was submitted on February 10, implying Co op's creditor banks have until the end of this week to agree a rescheduling. Last week, Mr Hans Friederichs, Co op's new supervisory board chairman, cited a March 1 deadline for agreement. The supervisory board is meeting tomorrow and has already called a press conference for tomorrow, presumably to reveal its deal with the creditor banks and plans to improve profitability. However, chances of a rescheduling accord appeared mixed yesterday after failure to agree on Friday. At stake is the question of how to reschedule the company's huge debt, estimates of which vary from DM1.5bn to DM5.9bn. The proposals put forward by the six "pool" banks which are now co-ordinating the group's credit are thought to include a commitment to renounce certain obligations and maintain other credit lines until end 1992, a moratorium on interest and an injection of funds. The signs on Friday were that the plans had run into stiff opposition, with a group of banks calling for greater sacrifices on the part of the six pool banks.

Threat of liquidation over Koor Industries temporarily lifted

By Andrew Whitley in Jerusalem

THE THREAT of compulsory liquidation hanging over Koor Industries, the troubled Israeli group, for the past four months has been temporarily lifted. Bankers Trust, the company's principal foreign creditor, has told the Tel Aviv district court that it is withdrawing the liquidation request filed last October after Koor failed to repay a \$50m loan. But it has reserved the right to resubmit the request if final agreement with Koor and the Israeli bank creditors is not reached by April 13. The lifting of the court case against Koor clears the way for the Israeli Treasury to pump new equity into the company. Koor has asked for at least \$30m of the \$50m to be provided by the Government to be disbursed immediately, on the grounds that it is 60 per cent of the way through its recovery programme. The decision also enables the Israeli banks to resume normal lending to Koor subsidiaries,

whose operations have been severely affected by a shortage of working capital. Heads of the steering committee of foreign and local banks involved in the Koor crisis are to meet in Tel Aviv this week to tackle the two outstanding issues holding up the signing of a creditors' agreement. These are the extent of the foreign creditors' authority in supervising Koor's recovery, and a demand by the foreign banks that the debts of the group's subsidiaries will carry the same guarantees as those of Koor Industries itself. On Friday, a senior Koor executive vigorously denied local press reports that the group had offered to sell 50 per cent of its 93 per cent equity stake in Tadiran, its most important subsidiary, to General Dynamics. The book value of Tadiran, an important consumer and defence electronics company, is estimated at \$240m.

APV courts Scholey on SEN takeover bid

By David Goodhart in Bonn

A COMPLEX cross-border takeover dispute between Klockner-Werke, the West German steel and capital goods group, and APV, the aggressively internationalising UK-based food-processing machinery group, could be resolved in APV's favour by the intervention of another British company, British Steel. Klockner has been resisting APV's attempt to acquire a majority stake in Seitz Kuzinger Noll (SEN) which along with Holstein & Kappert (H&K) dominates the European bottle-filling machinery industry. Klockner holds 30.1 per cent of SEN and wants to merge it with H&K, which is a wholly-owned Klockner subsidiary. APV has taken a Cartel Office-approved 40 per cent stake in SEN, which is enough to block a formal merger between SEN and H&K, although some observers think Klockner could gradually implement a *de facto* merger.

At the annual shareholders meeting in early February, Klockner struck back by ousting two members of the supervisory board who supported APV's expansionist plan for an independent SEN and refusing to accept Mr Krajenhoff, chairman of Akzo, the Dutch chemical group, as an APV representative on the board. However, Mr Herbert Gienow, chief executive of Klockner-Werke, did promise that he would not use his casting vote to implement a merger or create big job losses. The situation currently remains deadlocked. APV has promised that if allowed a majority stake it would integrate SEN products into its international sales network, transfer work to SEN from other APV factories, make SEN the APV centre for research and development in bottle-filling, and make SEN's Mannheim office the APV central Europe headquarters.

The company has also said it could expand SEN's annual sales from DM400m to DM500m (\$27.5m) and move it from break-even to a return of 7 per cent on sales. For those reasons APV has the support of the SEN unions and most of the management board. It is also thought to have the support of Deutsche Bank which is both house bank to Klockner-Werke and owner of Klockner & Co, the trading group with an 18 per cent stake in Klockner-Werke, which had to be rescued by the bank at the end of last year after heavy losses in oil forward contracts. British Steel has expressed an interest in buying Klockner & Co from Deutsche Bank and, although talks are still at a relatively early stage, such a development could tip the SEN dispute in APV's favour. Sir Ronald McIntosh, chairman of APV, confirmed that he has been in touch with Sir Robert Scholey, chairman of

British Steel, about the SEN battle. Mr Gienow is known to be hostile to a British Steel takeover of Klockner & Co, both because it could give a rival steelmaker a large stake in Klockner-Werke and because it would leave British Steel in charge of distributing Klockner-Werke's steel. Recently Sir Ronald has been making conciliatory gestures towards Mr Gienow and has said that while APV control is the preferred option, even without it SEN could use APV's sales network. Talks between the two men are expected soon at which Sir Ronald is likely to make a generous offer for a further slice of SEN equity. Although agreement is possible, both sides still seem far apart and Klockner-Werke is less in need of extra cash following a boom year in the steel business.

Mitsubishi Finance issues JGB futures warrants

By Katharine Campbell

MITSUBISHI Finance International is today launching a total of ¥140bn worth of warrants based on Japanese government bond (JGB) futures, one of the largest ever warrant packages. The issue comes in three parts, of which the largest component is made up of five series of conventional warrants of up to 100 puts and 100 calls on the June contract of the JGB future, which is traded on the Tokyo Stock Exchange. Put buyers expect the price of the future to fall, whereas call buyers hope it will rise. The warrants are American style, which means they can be exercised at any time up to expiry, which is May 9, 1989. The rest of the issue is made up of a series of "average" and "look back" warrants. Whereas average options have been designed in the currency markets, this is the first time they have been tried with JGBs.

Here, a call buyer receives the right to the difference between the average price of the JGB future over the life of the warrant and the strike price, which is set at today's Tokyo closing price. A put buyer receives the difference between the strike and the average price. These average warrants are cheaper than the conventional kind, about 58 per cent of the premium, according to Mitsubishi. On the other hand, look-back warrants, of which the firm has issued previous series, are twice as expensive as the conventional ones. They offer the investor the luxury of "looking back" over the period and exercising at the most favourable price with the benefit of hindsight. Mitsubishi is left with the tricky part of hedging its exposure. There is no JGB listed option, so the firm has to manage with the JGB future.

All these securities having been sold, this announcement appears as a matter of record only.



Republic of Portugal

Placing of

£100,000,000 9 per cent. Loan Stock 2016

to form a single series with an issue of £50,000,000 9 per cent. Loan Stock 2016 completed in May 1986

Underwritten by

S.G. Warburg Securities

Barclays de Zoete Wedd Limited Baring Brothers & Co., Limited Samuel Montagu & Co. Limited

Distributed by

S.G. Warburg Securities

This announcement appears as a matter of record only.

February, 1989



Mitsubishi Corporation Finance PLC

U.S. \$1,200,000,000

Euro-Commercial Paper Programme

Dealers

Bank of Tokyo Capital Markets Limited

Citicorp Investment Bank Limited

The Industrial Bank of Japan, Limited

Merrill Lynch International & Co.

The Mitsubishi Bank, Ltd

Mitsubishi Trust International Limited

NatWest Capital Markets Limited

Shearson Lehman Hutton International, Inc.

Swiss Bank Corporation

Union Bank of Switzerland (Securities) Limited

S. G. Warburg Securities

Dealers for Euro-Yen

Mitsubishi Finance International Limited

IBJ International Limited

Arranged by

Swiss Bank Corporation

Issue and Paying Agent

Citibank, N.A., London Branch

INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

Parallels in Fed discount moves

THERE WERE some uncanny similarities between last Friday's discount rate hike and the last time the US Federal Reserve raised this rate, which is something of an obsession with politicians and financial markets and has precious little influence on monetary conditions.

On both occasions, the discount rate was raised after a series of tightening moves had already taken place in the money markets, where the Fed funds rate is the main tool of policy and feeds through directly to the broader structure of short-term interest rates.

The Fed had tightened policy on successive occasions in December and January before finally moving the discount rate to 7 per cent last Friday. The August discount rate move came after a series of tightening moves which had begun in August, 1983.

On both occasions, Mr Alan Greenspan, Fed chairman, made it clear that he was not uncomfortable with the ever-widening spread between the discount rate and the Fed funds rate.

He gave a clear exposition on this subject in his Humphrey-Hawkins testimony to Congress last week, saying that open market intervention was the preferred method of controlling monetary conditions and that, although the spread was substantial, it was still not as large as it had been in the early 1980s.

Mr Greenspan has not had much luck in persuading financial markets or politicians that the discount rate is not particularly important, and it remains the ultimate symbol of Fed policy.

On both occasions, the move in the discount rate had followed mounting scepticism in financial markets about the Fed's political independence from the Administration (in the former case, a Reagan Administration on its way out, and recently the newly-arrived Bush Administration).

Last autumn, the conventional wisdom had been that the Fed would at all costs avoid a politically damaging hike in the discount rate, even after July's alarmingly strong employment figures were released, because of the proximity of the election.

Once that view was widely aired, Mr Greenspan could not, without losing his credibility, avoid moving the discount rate.

The same was true of recent events. A discount rate rise became inevitable on Valentine's Day, when President George Bush told the world that he was not overly concerned about inflation and rejected any further boost to interest rates.

Mr Greenspan duly raised the Fed funds target to show that the Fed did not share this irresponsible attitude towards price pressures.

The chairman was then under considerable pressure to follow actions with words in last week's Humphrey-Hawkins testimony. He duly did, delivering aggressive warnings on inflation.

At the same time, Mr Greenspan revised upwards the Fed's 1989 inflation projection and the market once again clamoured for action.

They got it with a second rise in the Fed funds target last Thursday and the discount rate increase on Friday. The publication of figures showing a 0.6 per cent rise in consumer prices in January, which followed the announcement of a 1 per cent rise in producer prices, gave the Fed clear justification to raise its official rate when it did.

What remains unclear is whether there was finally a majority on the board of Fed governors in favour of the move because of the consumer prices data or whether the central bank was forced to act by falling financial markets and, particularly, a rapidly weakening dollar.

Dollar weakness must have been a crucial component of the decision. For months now, the Fed has been given some flexibility because the US currency has been in demand. Any hint that the mood of the currency markets has changed is very worrying indeed.

Over the weekend in overseas markets, the dollar was steady at around its lows in the US on Friday but no weaker.

Last week's barrage of Fed moves still leaves a great many questions to be answered. The first is whether the US moves last week will lead to a series of rate rises in Europe and whether the dollar will hold steady in spite of them.

Janet Bush

Table with 5 columns: Instrument, Last Friday, 1 week ago, 4 wks ago, 12-month High, 12-month Low. Includes Fed Funds (weekly average), Three-month Treasury bills, Six-month Treasury bills, Three-month prime rate, etc.

Table with 5 columns: Instrument, Last Friday, Change on week, Yield, 1 week ago, 4 wks ago. Includes Three-year Treasury, 20-year Treasury, etc.

Money supply: In the week ended February 13, seasonally adjusted M1 fell \$3.2bn to \$744bn.

NRI TOKYO BOND INDEX

Table with 5 columns: Instrument, Average yield (%), Last, 12 wks ago, 26 wks ago. Includes Overall, Government Bonds, Municipal Bonds, etc.

UK GILTS

Concern on inflation leads retreat

THE GILT-EDGED securities market found itself somewhere between a rock and a hard place last week and it did not like it. The fall in the pound was enough to remind the market that economics does matter.

Whether or not the pound's fall will prove temporary is still not clear. Turning points are, however, often seen after rather than at the beginning of the period of transition.

The gilt market retreated significantly last week. The fall in long-dated gilts would probably have been greater but for the Bank of England's aggressive buy-in of stock (variously estimated at between £500m and £1bn).

Inflation is the key concern and that can be exacerbated only by an untimely fall in the pound. The Chancellor sought to reassure markets on interest rates and the Budget, though he did not say anything about the pound, possibly because he was not asked.

In any event, 2 per cent of currency tightness was given up by last week's fall in the pound, and this at a time of expectations of rising inflation and the need for some to keep policy tight for a period long enough to influence wage bargainers later in the year.

The message on interest rates, however, seems to rule out a post-Budget cut in rates and suggests that a rise in rates is not being contemplated or at least not for anything.

consensus has moved the time horizon out to the late spring. It was always on the cards that at present the time when evidence was mounting that the economy is slowing, the pound would crack. This would happen at the same time as a generalised tightening in monetary policy worldwide.

Indeed, many of the signs are pointing to quite a rapid slowdown in domestic activity in response to the monetary tightening of last summer/autumn. The Bank's weekly banking report confirmed this - with M0 growth 7 per cent or lower in February, down from 8.1 per cent in January.

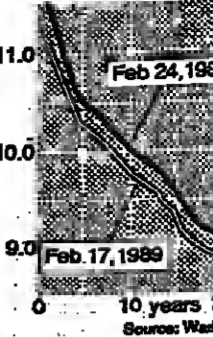
Wednesday's January trade figures will prove a test in the short term for sterling, but developments internationally, which are not propitious, might be more meaningful.

Last week's tightening by the US Federal Reserve and the possibility of a further rise in West German interest rates could make the maintenance of sterling at current levels difficult to sustain. The outcome of the Bundesbank's council meeting on Thursday will be closely watched.

With the erosion of interest rate differentials taking place, together with the second thoughts creeping into the minds of international investors concerning the so-called "high yielding" currencies, sterling now appears vulnerable to just about everything. The upward move in interest

UK gilts yields

Related as per (%)



Source: Warburg Securities

rates abroad could not have come at a worse time for the UK authorities.

At the request of the Gilt-Edged Market Makers Association, the Bank of England agreed to attend a meeting of market makers which will take place tonight.

On the agenda is how the Bank will conduct reverse auctions for gilts in future and more general issues relating to the buy-in programme and possibly the future for the structure of gilts in issue. It is unlikely that the three Bank executives planning to attend the meeting will adopt much more than a passive role, however, and listen with interest.

Kleinwort Benson floated an interesting idea in its weekly report: a "drain" to replace the now redundant "tap" system.

As the tap system worked by the market knowing what the Bank wanted to sell and pricing that stock relative to others near it on the yield curve, so a "drain" would work in the same way if the market knew a number of the stocks the Bank was interested in redeeming.

A similar system of pricing of the target stocks and those others near it would evolve. The Bank would be under no compulsion to buy, especially if the target stocks traded at too high a premium relative to other sectors of the market.

The Bank's current method of buying in is seen by some to be a reasonable random walk. A clear method with some broadly defined ground rules could remove that uncertainty.

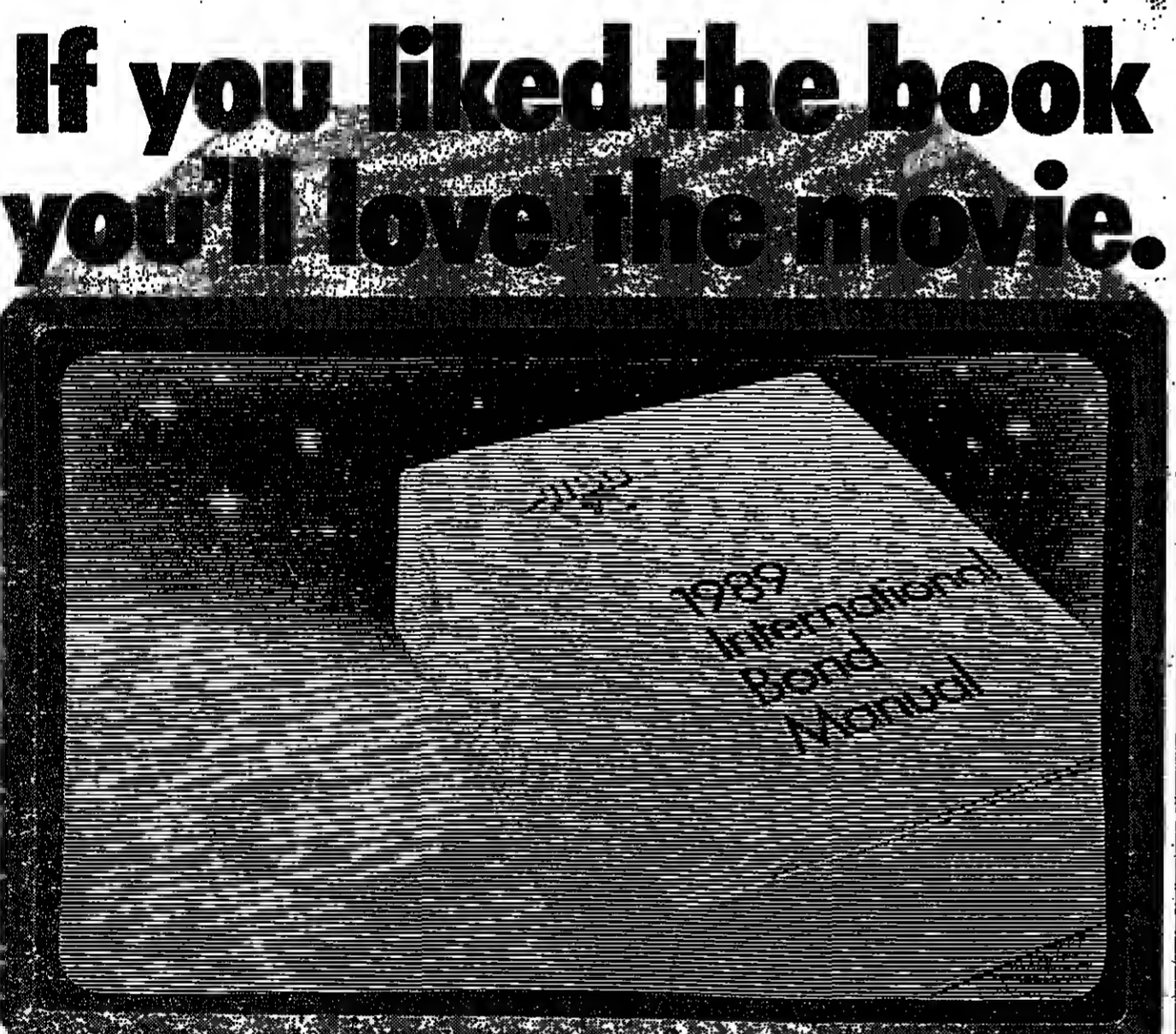
Another idea doing the rounds is the consolidation of a number of like gilts into one large issue. This has apparently found some favour with the large institutions.

How could it work? Take the 2008/05, the 2003/07 and the 2004/08 stock in issue and create a mega-issue of 12.25 per cent 2008s. This stock would have similar characteristics, in terms of duration, maturity and the financing cost to the Treasury, except for administration, which would be minimal. Alternatively, offer attractive conversion terms on two of the above into remaining stock.

Simon Holberton

FT/AIBD INTERNATIONAL BOND SERVICE

Large table listing international bond services with columns for Instrument, Bid, Ask, Yield, and other financial metrics. Includes entries for various countries like Australia, Canada, France, Germany, etc.



If you liked the book you'll love the movie.

CUPID, Computer Updated International Database, is a new service from the Association of International Bond Dealers. It provides a database which can be tailored to meet specific needs.

Updated daily, CUPID is based on the International Bond Manual and provides instant access to our official database of over 10,000 international securities.

Professionals will find that CUPID interfaces easily with their computer systems and is ideal for traders, dealers, sales reps and analysts alike.

Issue data; coupon data; currency data; codes and ratings; managers; primary market data; conversion data; redemption data, and a wealth of other information is contained within the database.

Details of this new service from AIBD (Systems and Information) Ltd. will wing their way to you if you ring Margaret Wilkinson on 01-538 5656 or write to her at Seven Limeharbour, Docklands, London E14 9NQ.



STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for Yen bonds, where it is in billions. FLOATING RATE BONDS: US dollars unless indicated. Margin above six-month offered rate for US dollars. CUPID - current coupon. CONVERTIBLE BONDS: US dollars unless indicated. Prem - percentage premium of the current effective price of buying shares via the bond over the most recent share price. WARRANTS: Equity warrant - exercise premium over current share price. Bond warrant, ex yld - exercise yield at current warrant price. Citing prices as of FEBRUARIES

UK COMPANY NEWS

Harry Oppenheimer to step down from Minorco board

By Philip Coggan

MR HARRY Oppenheimer, the South African businessman, will step down in May from the board of Minorco, the London-based investment company...

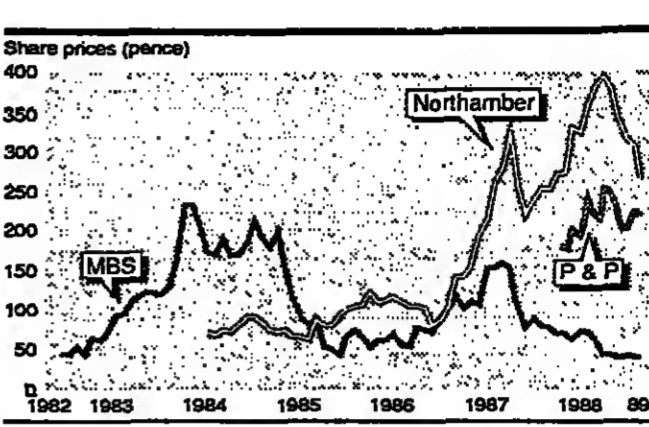
Minorco's equity. As well as Mr Oppenheimer, Mr Sidney Spiro, a De Beers board member...

its shares and £20.50 in cash for every two Gold Fields shares, is worth around 1412.5p per Gold Fields share.

A turbulent market that defies gravity Vanessa Houlder looks at the sometimes treacherous computer distribution business

COMPUTER distribution can be a treacherous business. Less than a year ago, MBS was one of the mightiest microcomputer distributors in Europe...

The scale of a likely price war in the sector and the differing effects this will have on distributors. This issue has been given added force by worries about Northamber, the second largest distributor...



aiming to increase the price per box. Nonetheless, Mr Southworth believes that this will be a testing year. Many companies have increased overheads to a level where they cannot sustain margins...

With the greater maturity of its dealer network and the increasing number and complexity of IBM products, the new system made more sense from a marketing viewpoint. It also brought it in line with other manufacturers such as Compaq.

Further tactical move at Unilever

By Christopher Parkes, Consumer Industries Editor

UNILEVER has made a further tactical acquisition to reinforce its leading position in the world's fastest growing market. Unilever's part of the Anglo-Dutch multinational's speciality chemicals division...

Earlier this month Unilever bought the Fabergé perfumes and cosmetics business in a strategic move which almost doubled the size of its personal products business.

Other tactical buys in the past few months have included moves into small companies in seed breeding for its agribusiness division, and bakery supplies for its developing interest in supplying fast food caterers.

Goodman buys more Berisford

By Clare Pearson

MR LARRY Goodman, chairman of the private Irish meat processing company Goodman International, has been buying more shares in Berisford International, the sugar processing and commodities group formerly called S&W Berisford.

He now holds 74 per cent of the equity, having topped up a 6.9 per cent holding which was revealed early this month. Although Mr Goodman has not clarified his motives, he is seen by many City observers as supportive of Berisford.

come under fire from Associated British Foods, which has 24 per cent of its shares, about its indirect involvement in a \$600m (534m) bid for Universal Foods of the US. ABF has complained to the Stock Exchange about lack of information on the deal.

COMPANY NEWS IN BRIEF

COSALT has purchased Raveni of Barnsley for \$675,000 cash. Raveni makes workwear, and in 1988 earned a profit of some £160,000 before tax...

KCALIBUR GROUP has paid \$800,000 deferred consideration for PMC (Sheffield), acquired in July 1988. The consideration is to be satisfied by the issue of 1,113,197 ordinary shares...

DEWEY WARREN offers for issued capital and loan stock of Argyle Trust accepted in respect of 20,880,437 ordinary shares (93.8 per cent) and £2,937,731 nominal Argyle loan stock (96.4 per cent).

House Property suspended

Shares in House Property Company of London, the small property company chaired by Mr Bob Baldock, the Australian entrepreneur, have been suspended. A reverse takeover of the group is expected to be announced early this week.

BOARD MEETINGS

Table with columns for company name, date, and location. Includes entries for Future Dates, Today, and Tomorrow.

Eleco welcomes share buy

By Clay Harris

A SMALL cloud over the independence of Eleco Holdings has been dispelled with the purchase of a 16 per cent stake in the building products and property development group by four pension funds...

Mr Michael Webster, managing director of Eleco. Strategic bought most of the holding from Whitcroft which unsuccessfully bid for Eleco in 1988.

FT Share Service

The following security was added to the Share Information Service in Saturday's edition: Samitomo Bank (Section: Banks).

Lloyds Eurofinance N.V.

£200,000,000 Guaranteed Floating Rate Notes due 1990. For the three months February 24, 1989 to May 26, 1989 the Notes will carry an interest rate of 13.25% p.a. with a Coupon Amount of £165.17 in respect of £5,000 nominal of the Notes...

THE ROYAL BANK OF CANADA

US\$350,000,000 Floating Rate Debentures due 2006. In accordance with the terms and conditions of the Debentures, the interest rate for the period 28th February 1989 to 31st March 1989 has been fixed at 9% per cent per annum...

OFFICE ENVIRONMENT

The Financial Times proposes to publish this survey on 5 April 1989. For a full editorial synopsis and advertisement details, please contact: Denis Cady on 01-248 8000 ext 3301

GVAS & LIMITED

US\$200,000,000 Guaranteed Floating Rate Notes due 1989. Interest Rate 10.375000% p.a. Interest Period February 27, 1989 to August 25, 1989. Interest Payable per US\$100,000 Note US\$5,164.51

ORION ROYAL BANK LIMITED

Agent Bank and Principal Paying Agent.

FINANCIAL TIMES

TURBOT'S BUSINESS NEWSPAPER

AITKEN HUME LIMITED £20,000,000 Revolving Credit Facility. Arranged by Lloyds Bank Capital Markets Group. Provided by Osterreichische Länderbank as Lead Manager.

crédit foncier de france ¥ 15,000,000,000 Guaranteed Floating Rate Notes Due 1997. For the six months 28th February 1989 to 30th August 1989.

Morgan Grenfell Group plc U.S. \$200,000,000 Undated Primary Capital Floating Rate Notes. In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 4 7/8 per cent per annum...

EUROFIMA European Company for the Financing of Railroad Rolling Stock. DM 150,000,000 6 1/2% Deutsche Mark Bearer Bonds of 1989/1995.

FINANCIAL TIMES STOCK INDICES. Table with columns for date (Feb 24 to Feb 28) and various indices like Government Sec., Fixed Interest, Ordinary, Gold Mines, FT-Act All Share, FT-SE 100.

FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct 0364 4 + five digit code (listed below). Calls charged at 86p per minute peak and 25p off peak, inc VAT

AUTHORISED UNIT TRUSTS

Main table containing numerous columns of unit trust information, including trust names, managers, and prices. Includes sub-sections like 'ABSTRACT MANAGEMENT LTD (10000H)' and 'ABSTRACT MANAGEMENT LTD (10000H)'. The table is organized in a grid-like fashion with multiple columns per trust entry.

GUIDE TO UNIT TRUST PRICING
NEED TO KNOW
When you purchase a unit trust, you are buying a share in the assets of the trust. The price you pay for the unit is the unit price. This price is based on the net asset value of the trust, divided by the number of units in issue. The unit price is quoted in pence.

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Handwritten text: 10/11/12

FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct-0836 44 five digit code (listed below). Calls charged at 39p per minute peak and 25p off peak, inc VAT

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

Table listing various UK unit trusts such as 'Windsor Trust', 'Wright Solutions', and 'The Yorkshire Unit Trusts'.

INSURANCES

Table listing insurance companies and their unit trusts, including 'AA Friendly Society' and 'Abney Life Assurance Co Ltd'.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct-0634 + five digit code (listed below). Calls charged at 36p per minute peak and 25p off peak, inc VAT

Main table containing unit trust information, organized by company and fund type. Includes columns for company name, fund name, and unit price. The table is divided into several sections: Pioneer Mutual Insurance Co Ltd, Prudential, Scottish Amicable, Skandia, Teachers' Assurance, Zurich, and various other providers. It also includes sections for 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', and 'GUERNSEY (SIB RECOGNISED)'. The table lists numerous funds such as 'Pioneer Growth Fund', 'Prudential Heritage Life Assurance', 'Scottish Widows' Group', 'Skandia Life Assurance', 'Teachers' Assurance', 'Zurich Life Assurance', and many others. Each entry typically includes the fund name, a brief description, and the current unit price.

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Handwritten note: "No 1/10/10"

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Main table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, NAV, and other financial metrics.

BRITISH FUNDS

Table of British Funds, categorized into sections like 'Shorts (Lives up to Five Years)', 'Five to Fifteen Years', 'Over Fifteen Years', 'CORPORATION LOANS', 'COMMONWEALTH & AFRICAN LOANS', and 'LOANS'. Includes sub-sections for 'BRITISH FUNDS - Contd' and 'AMERICANS'.

FOREIGN BONDS & RATS

Table of Foreign Bonds & Rats, listing various international investment vehicles with columns for Name, NAV, and other financial metrics.

Money Market Trust Funds

Table of Money Market Trust Funds, listing various short-term investment vehicles with columns for Name, NAV, and other financial metrics.

Money Market Bank Accounts

Table of Money Market Bank Accounts, listing various banking services with columns for Name, NAV, and other financial metrics.

LONDON SHARE SERVICE

For Latest Share Prices on any telephone ring direct 0836 43 + four digit code (listed below). Calls charged at 89p per minute peak and 25p off peak, inc VAT

CANADIANS

Table of Canadian stock prices including companies like Alcan, Inco, and Noranda.

BANKS, HP & LEASING

Table of bank and leasing stock prices including companies like Bank of Montreal and Royal Bank.

Hire Purchase, Leasing, etc.

Table of hire purchase and leasing companies.

BEERS, WINES & SPIRITS

Table of beer, wine, and spirit stock prices including companies like Carlsberg and Heineken.

BUILDING, TIMBER, ROADS

Table of building, timber, and road stock prices including companies like Balfour Beatty and Bovis Lend Lease.

BUILDING, TIMBER, ROADS - Contd

Continuation of building, timber, and road stock prices.

CHEMICALS, PLASTICS

Table of chemical and plastic stock prices including companies like ICI and Shell Chemicals.

DRAPERY AND STORES

Table of drapery and store stock prices including companies like Debenhams and Next.

BUILDING, TIMBER, ROADS

Continuation of building, timber, and road stock prices.

ELECTRICALS

Table of electrical stock prices including companies like British Telecom and BT Group.

CHEMICALS, PLASTICS

Continuation of chemical and plastic stock prices.

DRAPERY AND STORES

Continuation of drapery and store stock prices.

BUILDING, TIMBER, ROADS

Continuation of building, timber, and road stock prices.

ENGINEERING - Contd

Continuation of engineering stock prices including companies like BAE Systems and British Aerospace.

FOOD, GROCERIES, ETC

Table of food and grocery stock prices including companies like Asda and Sainsbury.

HOTELS AND CATERERS

Table of hotel and caterer stock prices including companies like Whitbread and Premier Inn.

INDUSTRIALS (Miscel.)

Table of miscellaneous industrial stock prices including companies like British Airways and British Petroleum.

INDUSTRIALS (Miscel.) - Contd

Continuation of miscellaneous industrial stock prices.

FOOD, GROCERIES, ETC

Continuation of food and grocery stock prices.

HOTELS AND CATERERS

Continuation of hotel and caterer stock prices.

INDUSTRIALS (Miscel.)

Continuation of miscellaneous industrial stock prices.

INDUSTRIALS (Miscel.) - Contd

Continuation of miscellaneous industrial stock prices.

FOOD, GROCERIES, ETC

Continuation of food and grocery stock prices.

HOTELS AND CATERERS

Continuation of hotel and caterer stock prices.

INDUSTRIALS (Miscel.)

Continuation of miscellaneous industrial stock prices.

INDUSTRIALS (Miscel.) - Contd

Continuation of miscellaneous industrial stock prices.

FOOD, GROCERIES, ETC

Continuation of food and grocery stock prices.

HOTELS AND CATERERS

Continuation of hotel and caterer stock prices.

INDUSTRIALS (Miscel.)

Continuation of miscellaneous industrial stock prices.

INSURANCES

Table of insurance stock prices including companies like Aviva and Allianz.

LEISURE

Table of leisure stock prices including companies like Virgin Atlantic and British Airways.

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LONDON SHARE SERVICE

For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT

LEISURE - Contd

Table of share prices for Leisure companies, including titles like Leisure World, Leisure Time, and Leisure Group.

PROPERTY

Table of share prices for Property companies, including titles like Property Group, Property Services, and Property Development.

TEXTILES - Contd

Table of share prices for Textiles companies, including titles like Textiles Group, Textiles Services, and Textiles Manufacturing.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, and Land companies, including titles like Trusts Group, Finance Services, and Land Development.

OIL AND GAS - Contd

Table of share prices for Oil and Gas companies, including titles like Oil Group, Gas Services, and Oil Refining.

MINES - Contd

Table of share prices for Mines companies, including titles like Mines Group, Mining Services, and Mining Equipment.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors and Aircraft Trades companies, including titles like Motors Group, Aircraft Services, and Aircraft Manufacturing.

TOBACCO

Table of share prices for Tobacco companies, including titles like Tobacco Group, Tobacco Services, and Tobacco Manufacturing.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, and Land companies, including titles like Trusts Group, Finance Services, and Land Development.

OVERSEAS TRADERS

Table of share prices for Overseas Traders companies, including titles like Overseas Group, Overseas Services, and Overseas Manufacturing.

PLANTATIONS

Table of share prices for Plantations companies, including titles like Plantations Group, Plantations Services, and Plantations Manufacturing.

THIRD MARKET

Table of share prices for Third Market companies, including titles like Third Market Group, Third Market Services, and Third Market Manufacturing.

COMMERCIAL VEHICLES

Table of share prices for Commercial Vehicles companies, including titles like Commercial Group, Commercial Services, and Commercial Manufacturing.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, and Land companies, including titles like Trusts Group, Finance Services, and Land Development.

FINANCE, LAND, ETC

Table of share prices for Finance, Land, and other companies, including titles like Finance Group, Land Services, and Other Manufacturing.

MINES

Table of share prices for Mines companies, including titles like Mines Group, Mining Services, and Mining Equipment.

MINES

Table of share prices for Mines companies, including titles like Mines Group, Mining Services, and Mining Equipment.

MINES

Table of share prices for Mines companies, including titles like Mines Group, Mining Services, and Mining Equipment.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers and Publishers companies, including titles like Newspapers Group, Publishers Services, and Publishers Manufacturing.

SHIPPING

Table of share prices for Shipping companies, including titles like Shipping Group, Shipping Services, and Shipping Manufacturing.

SHOES AND LEATHER

Table of share prices for Shoes and Leather companies, including titles like Shoes Group, Leather Services, and Shoes Manufacturing.

OIL AND GAS

Table of share prices for Oil and Gas companies, including titles like Oil Group, Gas Services, and Oil Refining.

FINANCE

Table of share prices for Finance companies, including titles like Finance Group, Finance Services, and Finance Manufacturing.

REGIONAL & IRISH STOCKS

Table of share prices for Regional and Irish Stocks companies, including titles like Regional Group, Irish Services, and Regional Manufacturing.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, and Advertising companies, including titles like Paper Group, Printing Services, and Advertising Manufacturing.

SOUTH AFRICANS

Table of share prices for South African companies, including titles like South African Group, South African Services, and South African Manufacturing.

TEXTILES

Table of share prices for Textiles companies, including titles like Textiles Group, Textiles Services, and Textiles Manufacturing.

FINANCE

Table of share prices for Finance companies, including titles like Finance Group, Finance Services, and Finance Manufacturing.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options companies, including titles like Traditional Group, Traditional Services, and Traditional Manufacturing.

IRISH

Table of share prices for Irish companies, including titles like Irish Group, Irish Services, and Irish Manufacturing.

Small text at the bottom of the page, likely containing exchange information or legal notices.

CURRENCIES, MONEY AND CAPITAL MARKETS

CURRENCIES AND MONEY REVIEW

Sterling may need further base rate rise

THERE ARE certain similarities between the Australian and British economies, including an expensive currency supported high interest rates, a current account deficit, and a budget surplus...

The Australian Government wants the local dollar to fall, but the British Government has no intention of letting the pound follow a similar course. So far sterling has been supported by a mixture of modest intervention from the Bank of England...

Table with columns for Date, Close, and Previous Close. Includes Sterling Index and C IN NEW YORK data.

financial markets were speculating about the timing of a base rate cut, but sentiment has completely turned round. March short sterling futures on Life now discount a Libor rate of 13 1/4 per cent at delivery on March 15...

Table with columns for Date, Rate, and Previous Rate. Includes CURRENCY RATES and STERLING INDEX.

tion of a premature cut in interest rates. Another event which seemed timed to unsettle sellers of sterling was a Press report on Friday that Mr Lawson will claim in his Budget speech that the UK current account deficit for 1988 is closer to £7bn than the official estimate of £14.3bn.

Table with columns for Date, Rate, and Previous Rate. Includes CURRENCY MOVEMENTS and OTHER CURRENCIES.

£1.75bn may be seen as neutral, but a deficit in the region of £3bn could mean a rise in base rates to 14 per cent, according to Mr Bootle. The Chancellor may offset some of the pain of higher base rates with a cut in the standard rate of income tax in the Budget...

Table with columns for Date, Rate, and Previous Rate. Includes CURRENCY MOVEMENTS and OTHER CURRENCIES.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for NATIONAL AND REGIONAL MARKETS, FRIDAY FEBRUARY 24 1989, THURSDAY FEBRUARY 23 1989, and DOLLAR INDEX. Lists various international indices.

Base Values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic Dec 31, 1988 = 139.65 (US \$ Index), 114.45 (Pound Sterling) and 123.22 (Local).

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various currencies and terms (1 month, 3 months, 6 months, 1 year).

POUND SPOT-FORWARD AGAINST THE POUND

Table showing forward rates for the pound against various currencies.

EXCHANGE CROSS RATES

Table showing cross rates between various currencies.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table showing forward rates for the dollar against various currencies.

MONEY MARKETS

Fed tightens as split opens on US policy

THERE IS a split on US economic policy between President George Bush and Mr Alan Greenspan, chairman of the Federal Reserve Board, according to Mr Rupert Thompson, international economist at Morgan Grenfell.

MONEY RATES

Table showing money rates for various currencies and terms.

LONDON MONEY RATES

Table showing London money rates for various currencies.

EUROPEAN OPTIONS EXCHANGE

Table showing European options exchange data for various currencies.

BASE LENDING RATES

Table showing base lending rates for various banks and currencies.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for various currencies.

BANK OF ENGLAND TREASURY BILL TENDER

Table showing Bank of England Treasury Bill tender details.

WEEKLY CHANGE IN WORLD INTEREST RATES

Table showing weekly changes in world interest rates for various currencies.

LONDON RECENT ISSUES

Table showing London recent issues for various currencies.

FIXED INTEREST STOCKS

Table showing fixed interest stocks for various currencies.

RIGHTS OFFERS

Table showing rights offers for various companies.

JOTTER PAD

Handwritten notes and jottings.

CROSSWORD

Crossword puzzle text: No.6.871 Set by DANTE

Crossword puzzle grid and clues.

Advertisement for The Republic of Panama U.S. \$70,000,000 Floating Rate Serial Notes due 1990.

Advertisement for TEESIDE The Financial Times proposes to publish this survey on: 21st March 1989.

WORLD STOCK MARKETS

WORLD STOCK MARKETS

AUSTRIA

Table of stock prices for Austria, including companies like Austria Energie, Austria Telekom, and Austria Mobil.

FRANCE

Table of stock prices for France, including companies like Air France, Bouygues, and Elf.

GERMANY

Table of stock prices for Germany, including companies like Deutsche Telekom, Volkswagen, and Siemens.

ITALY

Table of stock prices for Italy, including companies like Eni, IRI, and Telecom Italia.

NETHERLANDS

Table of stock prices for the Netherlands, including companies like KLM, Shell, and Unilever.

SPAIN

Table of stock prices for Spain, including companies like Telefonos de Espana and Banco de Espana.

SWEDEN

Table of stock prices for Sweden, including companies like Volvo, Saab, and Ericsson.

SWITZERLAND

Table of stock prices for Switzerland, including companies like Nestle, Swissair, and Novartis.

CANADA

Table of stock prices for Canada, including companies like Alcan, Bell Canada, and Canadian National.

JAPAN

Table of stock prices for Japan, including companies like Toyota, Honda, and Nissan.

NETHERLANDS

Table of stock prices for the Netherlands, including companies like KLM, Shell, and Unilever.

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Table of stock prices for the Netherlands, including companies like KLM, Shell, and Unilever.

TORONTO

Table of stock prices for Toronto, including companies like Alcan, Bell Canada, and Canadian National.

MONTREAL

Table of stock prices for Montreal, including companies like Alcan, Bell Canada, and Canadian National.

NEW YORK

Table of stock prices for New York, including companies like IBM, Microsoft, and Apple.

INDICES

Table of stock indices for various markets, including Dow Jones, Nikkei, and FTSE.

TOKYO

Table of stock prices for Tokyo, including companies like Toyota, Honda, and Nissan.

NEW YORK ACTIVE STOCKS

Table of active stock prices in New York, including companies like IBM, Microsoft, and Apple.

Notes and disclaimers regarding the accuracy and completeness of the data provided.

Additional information and contact details for the publisher, Financial Times.

4pm prices February 23

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices for various companies, organized in columns with headers like 'High', 'Low', 'Close', and 'Change'. Includes sub-sections for 'Market Summary' and 'New York Stock Exchange'.

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NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change. Includes a section for 'Continued from previous page'.

OVER-THE-COUNTER

Nasdaq national market, 3pm prices February 23

Table of Over-the-Counter prices listing various stocks with columns for stock name, price, and change.

AMEX COMPOSITE PRICES

4pm prices February 24

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

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